

The Emirates Academy

The feasibility of introducing a process improvement and innovation management department
in four-star and five-star hotels in Malta.

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In partial fulfilment for the requirements of the Degree of
Master of Business Administration

DECLARATION

I, *Petra de Carlo*, declare that this is an original piece of work, produced entirely by me, and that all source material has been appropriately referenced. In addition, I attest that no portion of the work referred to in this thesis has been submitted in support of any other course, degree, or qualification at this or any other university or institute of learning.



Student's signature

Abstract

This study focuses on the feasibility of introducing an independent process innovation department within four-star and five-star hotels in Malta. The concepts that contribute towards process innovation; such as Lean Six Sigma and Process innovation model, discuss the importance and awareness that it requires, together with exploring the local industry's knowledge and perception on Process innovation. This form of innovation is one of Hjalager's (2009b) five categories of innovation.

This study addresses the formidable question: *Should hotels invest in a process innovation management department, to gain better competitive advantage within the industry?* An analysis on the local hotels' organisation structure, influence on innovation behaviour and if Lean Six Sigma and Process Innovation models exist. This research evaluates if the proposed department benefits the organisation's overall operational and financial performance by enhancing the challenge or process.

The study explores the subject in detail through literature review and adopts a mixed methodology, both qualitative (through semi-structured interviews) and quantitative methods (through surveys) to allow a better understanding on the hospitality industry's perception on process innovation from both spectrums of hierarchy – the General managers and Heads of Departments within both four- star and five-star hotels.

This research discusses how process innovation can contribute to improve the competitive advantage of hotel organisations. The importance of having a healthy organisational culture and the crucial role management plays within this process, together with the need of effective human resource management practices and staff involvement. These are all pivotal to increase the empowerment and loyalty towards the company.

Findings through this research show that if the organisation has a solid structure of processes in place, it would be a matter of tweaking and adjusting as the process progresses, therefore focusing on incremental innovation. The findings discuss that it is within the manager's responsibility to constantly think in an innovative manner. Another means of establishing process innovation within the organisation is through 'best practices', which appoints 'champions of innovation' in every department. The project leaders will be the experts within the team itself and are the lead source of thorough investigation in order for the project improvement to be implemented with the approval from the respective head of department.

Keywords: Process Innovation, Organisational Culture, Best practice, Human Resource Management, Competitive Advantage

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Lastly, I would like to dedicate this dissertation to my late Grandfather – Herbert de Bono, who died whilst compiling this research. A firm believer that I would complete this dissertation.

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List of Abbreviations

AI –Artificial intelligence

B&B – Bed and Breakfast basis

CEO – Chief Executive Officer

DMAIC – Define, Measure, Analyse, Implement, Control

GOP – Gross Operating Profit

GM – General Manager

HB – Half Board basis

HOD – Heads of Department

HRM – Human Resources Management

LSS – Lean Six Sigma

R&D – Research and Development

Chapter One: Introduction

1.1 Introducing the subject of Study

The tourism industry is an agile and competitive market (Campo et. al, 2014, Jaeger et. al, 2014). Every year new hotel brands are opening their doors in Malta and given the island's size it increases competitive rivalry and creates 'higher barriers to new entrants', which falls in line with Porter's five forces model (2008). Subsequently, established tourism companies need to constantly create new concepts on the product and services offered to retain their competitive edge and reputation (Shafiq and Tasmin, 2016). This also relates to the 'competition' and 'threats of new entrants' coined by Porter, in the theory of the five forces model (2008). The competitive advantage can be gained and sustained by having the ability to renew and improve on competencies and develop new capabilities of the organisation. Whilst new entrants will strive to have a better product or service than its current competitors to create an advanced competitive advantage.

The themes that are connected to integrating and improving on competencies are quality management (Oakland, 2014), lean six sigma and innovation (Salah, 2017), which are present in all types of businesses especially in the tourism segment, where the traveller is constantly changing the travel needs and demands. Today's traveller gives value to the importance of experience based on their personal preferences, a few of which include; supporting sustainability practices or launching of lifestyle brands (Wittman-Wurzer et. al, 2019).

Dodds (2007) argues, that destinations such as Malta, were previously dependent on mass tourism, especially since this industry factors a large proportion from the country's Gross Operating Profit (GOP), which has left little differentiation in comparison to other countries and neglect on other pressing matters such as environmental impacts on the island. This was later addressed by the Malta Tourism Strategic Plan 2000 – 2002 (MTA, 2002), which also gave its importance to the carrying capacity in order to offer a better quality experience, not to the detriment of the island's limited resources (Dodds, 2007).

Each target market has its own requirements and through the market segmentation, tourism businesses could understand each segment's requirement and work on the right strategies to optimise the guests' experience (Wittman-Wurzer et. al, 2019). Narrowing it to the hospitality industry, hotels would benefit long term, by keeping abreast with market trends, analysing which processes require refinement to provide better quality service.

This research focuses on Process Innovation within the Hospitality sector in Malta which relates to the operational spectrum of Hospitality. There is plenty of literature (Salah, 2017; Found, Lahy, Willams, Hu and Mason, 2018; Oakland, 2014) outlining the procedure or *modus operandi* on quality management, Lean Six Sigma and its evident connection to operation excellence, however there is little literature (Pearlman and Chako, 2012; Orfila and Mattson, 2009) outlining the approach on operation innovation and its adaptability to the hospitality industry.

When looking into the primary aim of operational departments within a hotel, two main emphases are outlined:

- a) Hotel brands attempt to have innovative products or services to accommodate the increased demands of customers and facilitate the employee's response time (Hassi, 2019).
- b) Improving the guest's experience (Volo, 2006).

Examples of innovative services include keyless check-ins, mobile self-check-in, hotel service optimisation systems (such as ordering through Whatsapp or through a tablet system in the room) (Wittman-Wurzer et. al, 2019). These service innovations are visible to the guest as they are making use of smartphones and mobile devices which are easily accessible (Bilgihan et. al, 2015; Wittman-Wurzer et. al, 2019). Other important tools that relate to the customer relationship management or intelligence tools empower the employees to customise the guests' experiences, through preferences or past stays (Bilgihan et. al, 2015).

The capability in renewing, developing and reforming internal and external resources is required to offer better experiences and value throughout the 'chain of services' (Pechlaner et. al, 2016).

1.2 The Purpose of this Study

The importance of innovation in the organisation's success has been well documented in hospitality literature, which can be either technological or non-technological (Hassi, 2019). However, there is little literature (Orfila and Mattson, 2009; Enz, 2012) on the approach of 'how' and 'what' should hotels adopt to invest in a department which could be focused on operation innovation or also known as service innovation.

When analysing the difference between service innovation and product innovation, a prominent distinction between the two types is that; service innovation is a completely new process

(Seegey et.al 2008), whereas product innovation could be either new or ‘significantly improved from its fundamental characteristics’ (Orfila and Mattson, 2009). This links the operational excellence and operational innovation together, in order to form an effective strategy in implementing new services and improving services for better guest satisfaction, which leads to process innovation.

A common continuous framework should be adopted whereby process innovation is linked to other vital building blocks within the organisation, which can also be adapted to hotel businesses (*See Figure 1*) (Salah, 2017). Therefore, whilst being innovative is part of the strategy, the organisation needs to adapt to a fundamental organisational change to ensure a smooth business workflow within the organisation (Sikdar and Payyazhi, 2014).

The framework below has been adopted for the purpose of this research. It aims to achieve an integration of management principles, implementation principles and cultural changes (Salah, 2017). The ‘Process improvement and Management’ block is purposely in the centre, as it plays a key role relative to all other blocks, that are all linked to each other.

This framework is also discussed with the selected local hotels in the methodology chapter. It investigates if the framework is functional as it is presented by Salah (2017) in the current hotel structure, and if there are any further suggestions on improving this structure that is adaptable to the current times.

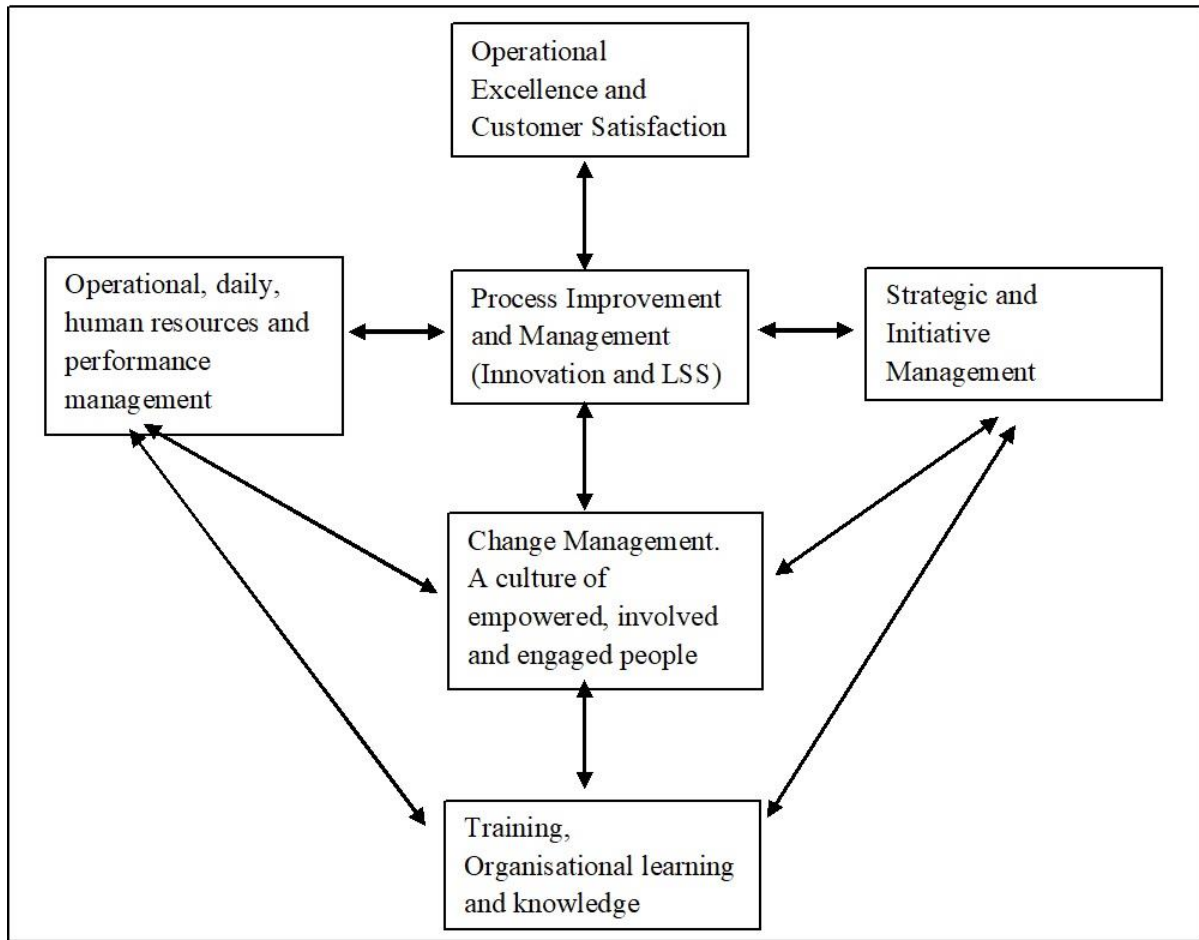


Figure 1: An adapted continuous improvement framework from Salah (2015) which shows how Lean Six Sigma and Innovation link to other building blocks within an organisation, Salah (2017)

1.3 Research Problem

Every organisation strives to have innovative services to accommodate the ever-changing demands of customers and gain a better competitive advantage within the industry (Hassi, 2019). Furthermore, as outlined in Salah's (2017) integrated framework in figure 1, Change Management plays a vital role in establishing whether an organisation is open to adopt a creative culture. This is normally initiated by senior management and the way innovation and leadership behaviours are integrated in empowering their teams to think 'outside the box' in improving their processes and services (Moghimi, 2016, cited in Hassi, 2019).

Hassi's (2019) investigation on the relationship between leadership and innovation has explored a correlation and positive effect on empowered leadership and management innovation, which then leads to having a positive climate for creativity. This study contributes

in understanding the role of senior management's perception on innovation and service excellence.

Traditionally, the hospitality industry is observed to have limited resources towards innovation orientation, despite noticing a few differences that have been implemented throughout the years (Campo et. al, 2014). Reasons for not having a dedicated department could be due to budget restraints, resistance from top management or time limitations (Bilgihan and Nejad, 2015). International brands adopt innovation strategies on a global platform and have dedicated Innovation Departments including having Innovation Laboratories at the organisation's head offices.

Moreover, Innovation may currently take place in the hotel's organisation, especially due to the COVID-19 pandemic, which has caused an economic crisis. However, it is likely to have an existing level of Innovation processes or services implemented without a formal structure based on background research, or indeed solely relying on speculation and limited expertise on the fundamental basics to innovation success (Ottenbacher, 2007). For instance; hotel managers or owners might develop their personal idea without adapting the necessary methodologies or market research to understand the viability of implementing the idea. Thereby, it would be costly to implement affecting the financial returns (Ottenbacher, 2007), resulting in a failure to implement.

1.4 Research Aims and objectives

The study aims to address the overarching question: *Should hotels invest in a process innovation management department, to gain better competitive advantage within the industry?*

General Managers (GMs) and Heads of Departments (HODs) from four and five-star hotel categories, were chosen for this research, in virtue of their being in the highest positions of the organisational chart and therefore are responsible for the overall decision-making of the hotel.

The objectives of this mixed methods research study were to:

1. Analyse the selected Maltese hotels Organisational culture (openness to change management), the influence of innovation behaviour (within the organisation) and if Lean Six Sigma and Innovation practices are in existence.
2. Investigate if on opening or during the refurbishment, the hotel preferred radical or incremental forms of innovation and the feasibility of introducing a dedicated

department that would benefit the organisation's reduction on operational costs, by improving the challenge or process (Salah, 2017).

1.5 Significance of the Study

To date, there has been a local dissertation by Saliba (2012), who investigated the General Manager's role in innovation and the introduction of innovation culture in the Hospitality Industry, by adapting Hjalager's (2010b) five categories of innovation. The study mainly focused on the Five-Star categories. Through the study, local innovations, did not require any direct investment, since they were related to food, diverse services and management techniques. It has been concluded that the high end hotel segment in Malta utilises innovation to improve their operations. Importance on the General Manager's role to direct the team, plays a pivotal role in order for the property to have an innovative culture. However, without giving importance to employee empowerment and guest feedback, the property may lose its structure and foundation within the highly competitive market. Therefore, to be successful and reach the blue ocean of competition, innovative ideas need to be implemented and utilised.

This research is of relevance to the local Hospitality Industry and Maltese authorities, as it focuses on the importance and awareness of process innovation. The study looks into the feasibility of having an independent department focusing on improving process innovation within hotels. However, process innovation is a fraction of what innovation involves and this study will enable better knowledge and education on Process Innovation Methodologies.

1.6. Research Layout

Subsequent to the introduction, the literature review chapter gives a detailed definition of continuous improvement and process innovation models (Lean Six Sigma and Innovation Process). Internal and external factors that need to be considered for the hotel's ability to be innovative, the barriers involved and the importance of the organisation management's role towards process innovation. An overview of Europe's adaptation to process innovation is explored, together with the local tourism's performance. The literature review is concluded by discussing the impact of the COVID-19 pandemic on the tourism industry together with the role of innovation management in times of economic crisis.

The chapter following, chapter 3 Methodology presents the methods employed to achieve the objectives of this study. A detailed analysis of the results is presented in the Findings Chapter 4, which identifies five themes. They discuss mainly, the overall organisational culture and

adaptation of innovation methods, understanding the Process Innovation methodologies and further discussion on a potential implementation of a Process Innovation Management Department. The Discussion chapter, interprets the findings against what is currently happening in the local hotel segment compared to what previous theories and findings demonstrate. Limitations to the study will also be discussed and analysed. The last chapter of this study is concluded with recommendations and concluding thoughts, which were contributed from the results achieved.

Chapter Two: Literature Review

2.1 Introduction

The main aim of this chapter is to present and critically explore published literature which is relevant to the current research topic. This literature review will enable the reader to obtain a holistic understanding of the research in context, while grasping the matters being investigated.

A review of the relevant literature will be based on process innovation; understanding the methodologies that constitute process innovation together with the role that process innovation plays within the hospitality sector. The factors influencing the hotel's ability to be innovative within the hospitality industry and adaptation of innovation laboratories will be discussed. Leadership in implementing change management, will also be presented, together with an overview on process innovation in Europe, an analysis on Malta's tourism performance in recent years and the effect of COVID-19 pandemic on the local tourism sector. The role of innovation management in time of economic crisis will also be analysed.

The primary aims for innovation in the hospitality sector should promote economic growth (Galouj and Savona, 2011), and encourage the improvement in social behaviour by ensuring the well-being of the people involved (Zehrer, Muskat and Muskat, 2016).

Most hotel organisations would either be radically innovative, by changing the business processes of the organisation to gain competitive advantage against new competitors, whilst other organisations prefer to focus on improving their current processes or implement small changes, thus focusing on incremental innovation (Martinez-Perez et al, as cited in Hassi, 2019).

Incremental innovation refers to minor improvements or simple adjustments that are performed to the service or product (Un, 2010). For instance, in service industries, the organisation aims to achieve high performance levels through the existing methods, by reducing errors, costs and lead times (Hammer, 2004).

Radical innovations or disruptive innovation are revolutionary changes that require new knowledge on the service or product that could facilitate the efficiency and competitive advantage between competitors (Martinez-Ros, Orfila-Sintes, 2009).

Both the incremental and radical innovation contribute to process innovation, whereby an idea or concept is perceived as “novel”, that would focus on providing new ways of delivering a

service, new concepts and new business models through continuous operational improvement and investment in employee performance (Salem, 2014 and Enz, 2012).

Two methodologies which will enable to enhance the understanding of process innovation are Lean Six Sigma and Innovation Process Models.

2.2 Lean Six Sigma

Salah (2017) argues that Lean Six Sigma, is a new evolution in quality management. This methodology combines both approaches of “Lean” and “Six Sigma”, that focuses on the elimination of waste and variation which follows a Define, Measure, Analyse, Improve and Control (DMAIC) structure, in order to achieve customer satisfaction in quality, cost and delivery (Oakland, 2014). These phases are executed by a specific team from various levels of the organisation, who preselect the project identified for improvement (Pearlman and Chako, 2012).

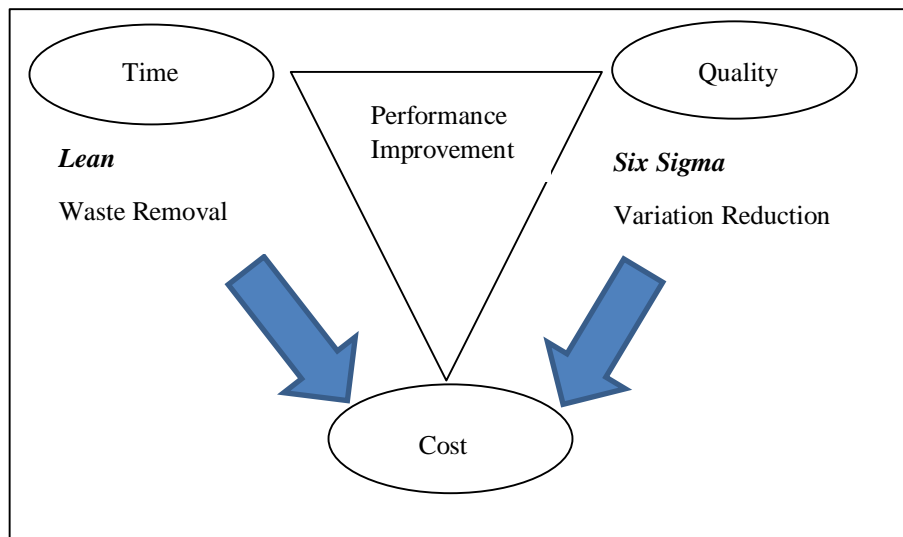


Figure 2 Explaining Lean Six Sigma Methodology (Oakland, 2014)

Every department can be viewed as a chain of independent processes, and each area will have a variation that would accumulate to the final product or service. Thus, affecting the real cost of quality versus the cost of sales (Oakland, 2014). Normally, Six Sigma programmes would follow a team structure consisting of a full-time Master Black Belt (Implementation Leaders or Directors), Black Belts (Team Leaders or Project Leaders) and Green Belts (Team members). These roles reflect on the in-depth training of the DMAIC model and other methods required for problem-solving tactics and expertise in different operational departments within a hotel (Oakland, 2014).

Sheahadeh et. al (2016) argue that various service quality literatures (Silvestro and Van as cited in Sheahadeh et. al, 2016) are influenced by the manufacturing case studies, however not all concepts can be easily transferred or adapted to the hospitality industry as there are significant differences between the two sectors. Primarily, the manufacturing industry is concerned with production, whereby the precision of working in a systematic manner is required and the manufacturing industry does not allow much variability. To the contrary of the manufacturing industry, the hospitality industry has a lot of variability that can result in operational inefficiencies such as: delivery times, different dealings demanded by guests, different guest's opinion on what is deemed fair and reasonable treatment (Van, 2011; Kim and Oh, 2008; Frei, as cited from Sheahadeh et. al, 2016).

2.3 Innovation Process Models

The primary aim for this process model is to find a superior way of creating or improving what is already offered, in other words a generic activity to assist survival and growth of any organisation in any industry (Tidd and Bessant, 2013). The innovation process model involves the following steps (Figure 3) (Tidd and Bessant, 2013 and Salah, 2017):

- ***Search*** – Assessing the internal and external environment, opportunities for change for instance technology, competitor actions
- ***Select*** – how can the organisation best develop. This also includes signals about feasible opportunities
- ***Implement*** – interpreting the potential idea into launch in either the internal or external market. This requires a process which include: acquiring the knowledge (through Research and Development (R&D)), implementing under unexpected difficulties that require immense problem-solving, launching and managing the process of initial adoption, providing feedback and modifying from the original idea.
- ***Learning*** by taking the opportunity to progress through this cycle, building the knowledge base and improving the process as required.

The challenge that is encountered with this process is to find appropriate ways to manage this process and provide alternative solutions to the challenge of renewal.

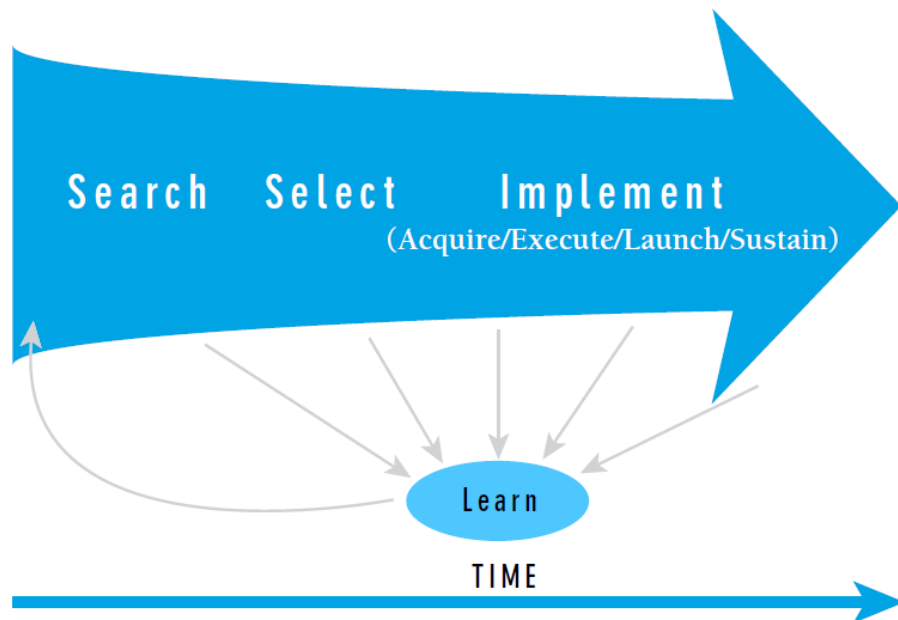


Figure 3: Simple representation of the Process Innovation Model (Tidd and Bessant, 2013)

Tidd and Bessant (2013) argue that depending on the organisation's requirements, two innovation process models could be adopted that are amalgamated with the incremental and radical innovations. These are implemented as two modes: 'doing what we do but better' and 'do different' innovations.

Model One- 'Steady State' innovation process: 'Doing what we do but better'

This model is applied to steady state conditions which are generally continuous, that are evolved from the "good practice" routines and is rather a form of incremental innovation (Tidd and Bessant, 2013).

Model Two –'Discontinuous' Innovation process: 'Do different' innovation

This is contrasted from the previous model, where the innovations required need a whole restructuring and therefore is a 'process of exploration and co-evolution' under high uncertainty conditions – a more radical approach (Tidd and Bessant, 2013). As opposed to the first process model, the generic model remains the same, however the difference lies in being more experimental and ready to explore unfamiliar strategies, due to incomplete information provided. Thus, this model would be adapted to flexibility, learning through failed attempts and tolerance for uncertainty (Salah, 2017).

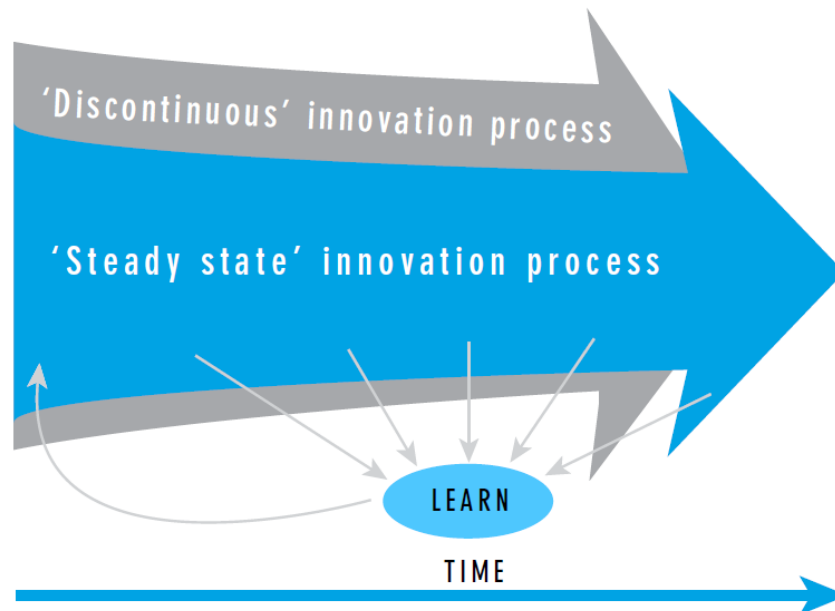


Figure 4: 'Do better' and 'Do Different' Innovation processes (Tidd and Bessant, 2013)

There is a common understanding that the process innovation's success is obtained through continuous improvement (thus using operational excellence methodologies such as Lean Six Sigma) and investment in the employees' performance (Verma et. al, as cited in Enz 2012). Moreover, Hammer (2004) explains that culture and strategy is another critical element that contributes to successful innovation process, amongst others. Therefore, it is argued that in order for an organisation to be successful in innovation, both incremental and disruptive innovation are seen to contribute to each other. This, rather than adapting both methodologies as parallel views.

2.4 Process Innovation within the Hospitality Industry

In an earlier research study, Jones (1996) has outlined that service innovation is not necessarily related to product innovation, however it would entail modifications in procedures for instance, changing a restaurant's concept, all employees (both back-of-house and front-of-house personnel) would need to learn new skills to excel in the new processes required. Thus, Jones (1996) outlines innovation as a stepwise approach, because the organisation would have the knowledge of their client's profile and innovative ideas would be initiated from within the organisation (Orfila and Mattson, 2009).

Hammer (2004), argues that in today's world, most industries such as the hospitality industry, are struggling with stagnant and low-growth markets. Most of the products and services offered have now become commodities. Thus, operational improvement can contribute to sustain the business, however it will not be enough to overcome a "red ocean of competition". Therefore,

operational innovation is required for an organisation to be considered superior than the competition, which also links the “blue ocean strategy”.

When an organisation encourages a culture of new ideas, this enables a higher degree of in-house capability, that decreases costs in hiring external consultants required for innovation processes or to improve processes (Jones, 1996). Having a pro-knowledge creation and dispersal culture amongst management and employees, enables to share different capabilities (and experiences). Taken together, it could expand the knowledge capacity, work on suitable problem-solving strategies evolving into process improvements or innovation, without the help of external consultants (Ferreira et. al, 2009).

Innovation management promotes having an innovative culture which develops ideas management and strategies. It utilises the generation of creative ideas from employees that could result in profitable and efficient results (Millic, 2013). Given the hospitality industry’s intangible nature of services, successful innovation is dependable on the attitudes and skills of the employees, which requires the organisation to have good human resources management (HRM) practices in place, such as good selection management and training (Chang et. al, 2011). Training would sequentially encourage significant organisational commitment amongst the employees, which could reduce labour turnover (Chang et. al, 2011).

Process innovation could be easily adapted to the hospitality industry, as the primary aims would be to increase profits whilst decreasing costs, improve the efficiency of processes whilst raising the productivity. Millic (2013), suggests that management could turn to process innovation during the economic crisis, that would assist in the following ways:

- Innovative systems related to the business process management
- Improvements in efficiency of processes
- Linear and cleaner process methods

Breier et. al, (2021) argues that hotels are aware of the importance of guest loyalty and their expectations on constant innovation within the organisation are increasing. Therefore, organisations are continuously trying to be innovative in order to compete within the market. Both types of innovations (radical and incremental) have their pros and cons during any business cycle, however given the limited financial resources and capabilities within the hospitality industry, incremental is the common form of innovation (Breier et. al., 2021).

Radical innovation would aid the overall business growth; however, this type of innovation might not be suitable or is not common within the hospitality industry. Organisations are more inclined to effect small changes that would help to adjust within the existing organisation (Brooker et. al, 2013) and therefore focus more on incremental innovation.

2.5 Factors influencing the Hotel's ability to be innovative within the Hospitality Industry.

It has been outlined that innovation contributes to a firm's long-term success (Danneels, 2007; Semlinger, 2007, Nordin as cited in Zehrer, Muskat and Muskat, 2016), however there has been too much emphasis on technological innovation, rather than an understanding on the holistic approach and systems-based approach (Zehrer, Muskat and Muskat, 2016).

Hotel organisations rely heavily on human resources, that need to be competent, skilled and experienced to respond to the growing competition and change in demand patterns, amongst other factors related to hospitality (Zehrer, Muskat and Muskat, 2016). The listed internal and external variables below (*see table 1*), have been identified that would influence the level of innovation within the firm (Zehrer, Muskat and Muskat, 2016):

Internal Variables:

Variable	Influencing Factor
Entrepreneur	<ul style="list-style-type: none"> • Methodological skills and general know-how in the industry • Expertise from other industries • International experience • Personality
Organisation Culture	<ul style="list-style-type: none"> • Innovativeness is part of the organisational structure. • Vision and strategy includes innovation • Commitment to learning and adaptation • Being open towards new developments
Employees	<ul style="list-style-type: none"> • Level of qualification of managers • Staff receiving training • Management systems/ Quality systems • Intrapreneurship • Incentives for employees
Resources	<ul style="list-style-type: none"> • Size of organisation • Investment into research • Access to investment capital

External Variables:

Variable	Influencing Factor
Customer	<ul style="list-style-type: none">• Awareness for customer's needs• Integrating customers through surveys• Meeting needs of target groups
Market	<ul style="list-style-type: none">• Technological advance• Collaboration with other tourism companies• Co-operating with other companies – outside tourism• Patent protection and trademark rights• Uncertainty of external environment• Market structure and competitiveness
Incentives	<ul style="list-style-type: none">• Receiving subsidies• Access to public support programs for innovations• Winning awards• Incentives from destinations

Table 1: A list of both the internal and external factors influencing the level of innovation within Hotel organisations (Zehrer, Muskat and Muskat, 2016)

As demonstrated in the table above, ideas for process innovations can be derived from both the internal and external variables. However, it is crucial that both variables are linked, managed and integrated within the company culture.

The diagram below shows the different phases of the innovation process, which stipulates the influence of the external variables in the first phase and the significance of the firm's internal variables to the final stages of the process (Foss and Peters, 2016). Moreover, investing in employees' training and education in hotel management can only enhance the expertise required in the innovation phases.

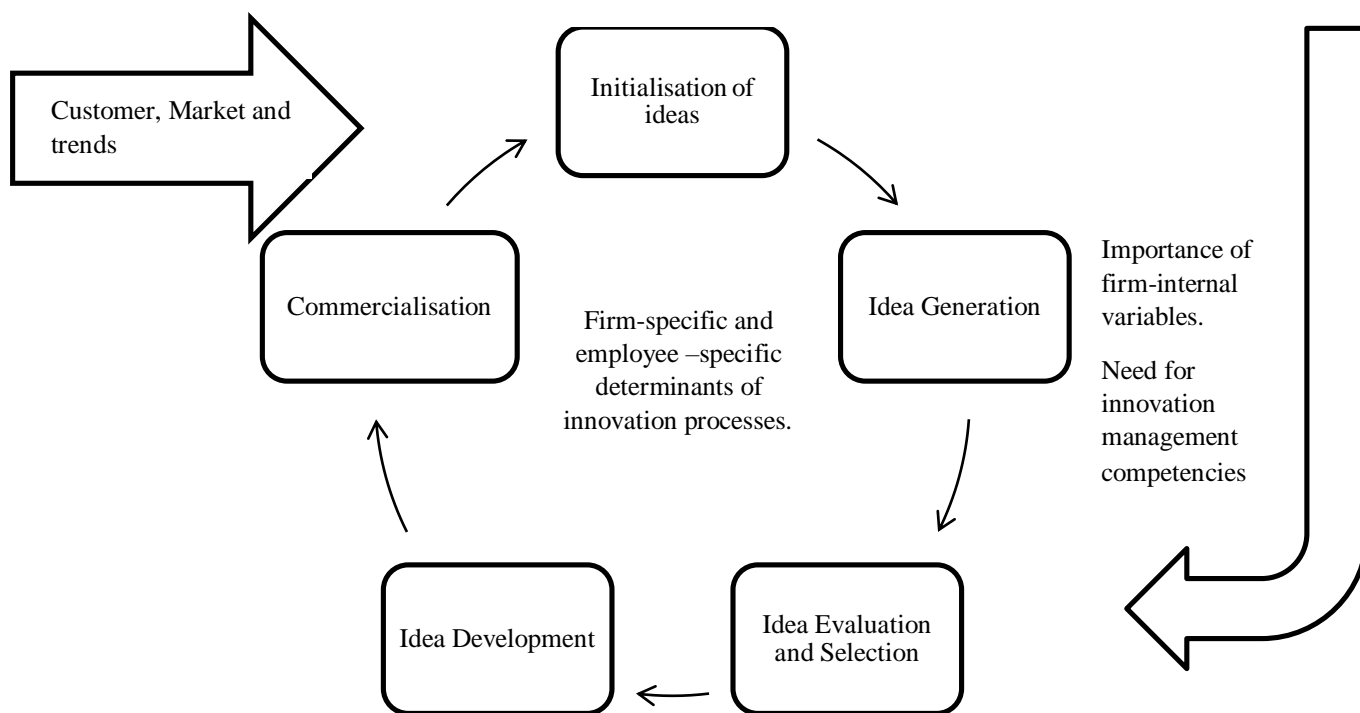


Figure 5: The innovation process and its core determinants (Foss and Peters, 2016)

2.6 Process Innovation practices within the Hospitality Industry

The Ritz-Carlton Hotel Company was awarded the Malcolm Baldrige Quality award in 1992 and 1999 for excellence in quality improvement. They eventually moved their approach to total quality management (Partlow as cited in Pearlman and Chako, 2012). This approach led the organisation to establish quality standards in the vital processes mainly for guest satisfaction and also devised detailed plans of implementation. The structure for this organisation was appointing a quality leader to lead teams in each hotel property, who would collect the data accordingly (Pearlman and Chako, 2012).

Similarly, in the 1990s, Hilton Hotels identified their main value drivers and developed a programme to implement strategies at operational levels. Each hotel had to devise and measure the key performance indicators for each value driver identified, which eventually led to creating a programme that implemented strategies at operational level (Pearlman and Chako, 2012).

In 2001, the former Starwood Hotels and Resorts Inc. (now merged with Marriott International since April, 2016) were the first hotel brand to adopt the six sigma methodology within the hospitality industry (Pearlman and Chako, 2012). They had launched a department with a structure of Master Black Belts (full-time regional directors) handling the regional divisions, and overseeing the projects handled by Black Belts (full-time Managers working on six sigma

projects) and Green belts (part-time line-level supervisors whereby a portion of their time is dedicated to formulating the details for six sigma projects) (Pearlman and Chako, 2012).

Starwood believed that the concept of Six Sigma enabled their associates to create customer related solutions, and if the innovation was successful this would be transferred across the organization as best practice (Pearlman and Chako, 2012). The innovation process formerly used by Starwood began with the hotel property pitching in a new idea to the Six Sigma council, which is then evaluated on the division's priorities and the project's proposed bottom-line benefit. When the project is approved, both the Black belt and Green belt would carry out the project accordingly. Using a number of tools enabled to identify and analyse the root causes to the problem such as; cause- and effect diagrams (fishbone diagram), identifying any empty processes by conducting a process map outlining the steps, inputs and outputs and "pareto" charts to represent the sources of defects (Pearlman and Chako, 2012).

The benefits outlined for Six Sigma projects included the rise in cross-functional team approach, adoption of objective techniques and statistical testing to solve problems, increased production and a better workplace environment (Pearlman and Chako, 2012). On the other hand, Six Sigma projects are expensive to perform due to the labour costs, maintenance required and other expenses required depending on the nature of the project (Pearlman and Chako, 2012).

Many hotels chains and local organisations are fostering or finding new ways of being creative and inject some innovative ideas within the organisation, also known as open innovation. Ideas would generally be discussed through brainstorming sessions during departmental meetings and expand it to focus groups that would include customers, brand followers and employees (Richard, 2017).

A few hotel chains such as Marriott and Hyatt, have also established innovation labs at their Headquarters, whereby this would give the opportunity to both the employees and customers to provide feedback on the prototype idea (Richard, 2017).

2.7 What are innovation laboratories and how are they adapted in the Hospitality Industry?

An earlier evaluation study of innovation approaches by Clapham, (1997), focused on ‘creativity training and brainstorming techniques’, that had provided helpful findings on the effectiveness of these innovation approaches, including the quality and quantity of idea generation. However, it had been concluded that these studies were based on lab students, which differ from the attitudes, motivation and role of the real world employees and managers within the hospitality industry (Magadley and Birdi, 2009).

One approach that would enable the enhanced creativity leadership is innovation laboratories, which are physical spaces or facilities that enable employees to share, engage and explore their creative thinking ideas through experimentation in physical spaces or facilities provided (Magadley and Birdi, 2009).

This space encourages individual or team discussions in enhancing the current processes with new ideas, solving operational challenges with enhanced standard of procedures, and the thought process of generating new ideas together with the implementation process.

The principal aim for these facilities are to ensure a creative environment and therefore the architecture, décor and layout of the physical space would influence the individual’s originality and inspiration rather than a normal boardroom or ordinary training room located in the organisation’s back of house (Lewis and Moultrie, 2005). Technological resources should also be provided such as interactive whiteboards, multimedia projection tools amongst others.

According to a study performed by Lewis and Moultrie (2005), the initial findings found that despite having highly advanced technology or equipment, human involvement and assistance is a vital element to ensure that the centres or laboratories work in an efficient manner. However, from a financial perspective, considering that a large physical space would be required in order to be successful, this would in turn be very costly for the organisation which could cause profit and budget strains in the long term. Furthermore, in order for the innovation laboratory to be successful, the organisation must be focused on New product development for various factors because if incremental innovation is introduced this would cause an overall challenge in determining the department’s yearly budget and overall responsibilities (Berger and Brem, 2016).

In fact, a number of hotel chains have innovation laboratories that are based in their office headquarters, such as Marriott, Hyatt, Accor amongst others. They focus on creating futuristic

technological advances within the hospitality industry, both in laboratories and real-life surroundings accommodating guests (Wittman-Wurzer and Zech, 2019).

Below are a two examples of exemplary innovations by renowned international hotel brands:

Marriott International:

In 2016 and 2017, Marriott International in the Marriott Charlotte City-Centre had launched a M Beta live testing innovation (which is a “rapid prototyping” of any process, for instance keyless entry). Also at a Pop-up Innovation Laboratory in downtown Los Angeles, it allowed industry professionals, hotel guests, associates and general public to “see, touch, taste and hear” the organisation’s enhancements on selective hotel brands. (Wittman-Wurzer et. al, 2019).

Element, one of the Marriott’s brands were piloting a guest room design specifically catering for business and leisure travellers whereby a communal room would be the core between four other guest rooms, allowing to share the basic amenities mainly a kitchen, dining room and lounge area. This would allow the group to spend more time together privately. (News | Marriott.com).

Accor Hotels:

The organisation is committed in creating the “hospitality of the future by generating value and creativity” (Open Innovation | Accor.com). This is being encouraged through the innovation laboratories, intrapreneurship programmes and start- ups amongst others. A few of the innovative concepts were the;

Flying nests were created in a nomadic accommodation concept in the Avoriaz ski Slopes on the Evian Championship course or at We Love Green Festival. They therefore make this concept mobile, eco-friendly and it can be moved from one event to another. (Open Innovation | Accor.com).

The Loft completes the Flying nests concept whereby a mobile space of 30 square meters can accommodate up to six people, that combines design, comfort, functionality and mobility which is found in the heart of events, nature or unusual places in order to capture exclusive experiences. The loft can be used for a maximum of three days which works on the autonomy of energy and water. (Open Innovation | Accor.com).

Both examples presented are mostly focused on new product development (therefore emphasising more on radical innovation), with the main goal to continuously improve the

guests' experience and focus on better process operation efficiency. Even though the above examples have a combination of both radical and incremental innovation, this approach might be too costly for hotel organisations and not sustainable in the long term.

2.8 Barriers to innovation

Innovation is still a buzzword for many hotel organisations, and the hospitality industry has been slow in adopting new technologies. However, it is vital to acknowledge that any different type of innovation comes with barriers, which include; the ownership structure within the hospitality industry and franchise models (Bilgihan and Nejad, 2015).

Other barriers such as cost of innovation, resistance to change, resistance from owners, together with time and budget constraints must always be considered according to the current organisation's performance (Bilgihan and Nejad, 2015). Each individual hotel organisation irrelevant of its size would have different adoption of advanced technologies. For instance, family-owned hotels would have limited resources or lack of time for innovation activities and innovative technologies are generally too expensive for the organisation to adopt (Najda-Janovska and Procedia, 2014).

Furthermore, process innovation in tourism is deemed as highly informal and most often consists of adhoc individual activities which eliminate certain process procedures such as R&D, pilot market study amongst others (Najda-Janovska and Procedia, 2014). More often than not, the lack of interest and engagement in this R&D activity in the hospitality industry is developed due to having a consistent nature of behavioural changes (Najda-Janovska and Procedia, 2014).

Hotel organisations declare that the industry is too busy or too short-staffed to dedicate time and resources to innovation, which is also claimed that it is not notable by customers (Papadaki, 2016).

Different barriers of innovation affect the size of the hotel organisation. For instance, small to medium sized hotel organisations, face a number of challenges. These include:- limited economies of scale, restricted possibilities for diversification and high debt – to – capital ratios due to mis-applied use of investments which have little to no operating return (Zehrer, Muskat and Muskat, 2016). Leadership in small to medium sized hotel organisations, has also been argued to be a barrier in innovation (Zehrer, Muskat and Muskat, 2016).

For larger hotel organisations such as hotel chains, a number of concerns have been outlined, a few include; the constant culture and pressure of perfectionism, whereby new services or improved services need to be perfect prior to launching to guests and to other hotels within the brand (Katz and Withiam, 2012). Another barrier to all this is the industry's structure. Because the majority of hotel chains are privately owned, the financial capital is spent by the owner's money, and therefore there is an element of reluctance from the owners in times of crisis. They would need to be convinced in order to adopt a change within the firm (Katz and Withiam, 2012).

On the other hand, inadequate resources including financial capital, human resources and capabilities are the most common innovation barriers that exist in hotels (Shirandula, 2017). In fact, according to a study conducted by Shirandula (2017), it has been concluded that if adequate financial resources and competent employees were to be provided, then this would provide significant proactive efforts.

2.9 The role of Organisation Management in view of Process Improvement and operation innovation culture.

Salah (2017) argues that having a “supporting” culture including the top management's commitment, is required in order to have a unified success rate. Moreover, Jones (1996), criticizes that the size of the organisation plays a critical factor when considering innovation. For instance, small organisations are unable to support having a research and development department; capital investment and adequate economies of scale would be required in order to keep costs low. Innovation here tends to be adhoc that would be derived from an individual's idea or through guest's feedback.

Furthermore, Hammer (2004), observed that Operation Management is seen as a tedious process to learn. Senior executive roles give importance to sales, strategy and financial aspects (such as budgeting). In some cases, senior executives would have been employed in top management roles, thus eliminating the learning path of the fundamentals in the organisation's operations management. Furthermore, in organisations such as hotels, operational performance is one of the key drivers of financial results. Therefore, the understanding of the operational processes, could ultimately result in identifying the waste and variation in processes.

A further argument brought forward by Hammer (2004) outlines the importance of executives primarily understanding the role process innovation plays within the organisation together with

the assessment and understanding of the organisation's culture and barriers that may be encountered.

In the Starwood case study conducted by Pearlman and Chako (2012), the Six Sigma program success was strongly supported from all levels of the organisation, starting from the Chief Executive Officer (CEO) levels cascading down to the green belts. The reason that the executive levels had objectives in long-term goals of improving market share and viability. However, it has also been outlined that specific goals were given to black belts in order to justify their positions at the hotels and would maintain their position for a maximum of two years to prevent viewing the position as dead ends (Pearlman and Chako, 2012).

Embracing a culture of creativity involves empowering leadership by eliminating any unnecessary bureaucratic constraints and encouraging agility in favour of innovation within the organisation. This has proven to increase the employees' behaviour on creativity and innovation (Hassi, 2019). Apart from leadership empowerment, fundamental values for an organisation to reach a culture of creativity should include; high levels of work excellence, employee recognition, employee commitment from all ranks and ensuring teamwork contribution to the long-term vision of the company (Malaviya and Wadhwa, 2005).

Enz and Way (2015), had conducted a study that investigated whether the employee enabling approach (such as employee satisfaction) or administratively driven approach (top-down management strategy) are linked to the success of innovation processes within the Hotel organisation. Enz and Way (2015) argue that a hotel's guest satisfaction index compared to its competitors' performance is vital to any investigation of innovation success, given that these measures or factors are often the reason to why innovation is implemented in the first place. Senior managers of European hotels were participants in the study. It is argued by Enz and Way (2015) that "innovation process requires change agents to help drive new ideas". However, it is also argued that in hospitality, top-down management should be the main drivers in innovation culture, as there would be a need to champion the innovations over a long period of time. It is further argued that the best successful innovations would be approved from owners rather than those innovations who are involved in the day-to-day operations (bottom-up).

2.10 Process Innovation in Europe within the Hospitality sector

Europe is faced with competitive pressures and challenges from time to time that would be beyond the tourism industry's control such as terrorist attacks, natural disasters or pandemics.

However, it is up to the Organisation or Firm to embark on a course of innovation in order to survive in such a competitive industry.

The business in itself requires day-to day challenges that senior management need to face constantly. This ultimately leads to the need of having innovative ideas or processes to maintain the high standards required, especially when at the same time cost cutting should still be improved year on year.

According to a study conducted by Vila, Enz and Costa in 2012, twenty-seven hotel chains in Spain, participated and were chosen due to the stated commitment to innovation. The senior executives of the chosen hotel chains were surveyed to determine their attitudes and commitment towards innovation. Based on the four types of innovation questioned, these included: product innovations, process innovations, market knowledge and management innovations. It has resulted that out of the four types of innovation, the innovations that the chosen hotel chains carried out mostly were market and process innovations, at 96% for both innovations and were deemed to be most critical (Vila, Enz and Costa, 2012). However, although process innovation was one of the most popular type of innovation carried out by hotel chains, the level of innovation overall was medium and was executed in holiday destinations, which mainly measured sales and service quality innovations.

Hoteles Hesperia, a Spanish hotel company, was considered as one of the most innovative chains in the urban hotel sector. It had owned and managed fifty-two hotels in Europe and Venezuela (forty-six in Spain, one in Andorra, two in Brussels, one in London and two in Venezuela). It has maintained its own R&D department which offered rewards for innovative proposals and focused its innovative efforts on management and procedures. It later merged with NH Hotels and NH Collection in 2016, which included the merge of 28 Hesperia hotels, a total of 4,000 rooms (nh-hotels.com, 2017).

Another example is Swedish hospitality, whereby once again the four types of innovation as previously mentioned, were also sampled in the Swedish hotel market, in a study in 2017. Wickhamn, Armbrecht, Remneland Wickhamn (2017), argue that having process innovation acts as a differentiator between hotels and could also utilize the existing organisational practices. Furthermore, the results from the study showed that small and medium sized firm would have lower revenues and therefore would have fewer financial resources to invest, thus incremental innovations are developed in-house, without having any specific financial obligations and new knowledge that would involve a completely new practice or process.

However, the importance of using the R&D activities has also been outlined, as this would enhance the hotel's chances in implementing innovative ideas and thereby enhancing the hotel's competitive advantage within the industry.

According to the findings in a study conducted by Wickhamn, Armbrecht, Remneland Wickhamn (2017), it is indicated that hotels with restaurants are inclined to produce more innovative ideas than those hotels without restaurants. The main reasons being sustainability concerns and food waste management amongst others.

2.11 A local perspective: Maltese tourism Performance in recent years and the impact of COVID-19 on the Maltese Hospitality industry.

Tourism is part of Malta's major pillar of economic and social development. Recent strategies have been focused on sustaining wealth and long term progress. The latest national policy the "Malta Tourism Policy 2015 -2020", focused on three essential concepts which included:- the management of visitor numbers, increasing the level of quality within the tourism value chain and reducing the seasonality.

Statistics presented by the Malta Tourism Authority (2021), show that tourist numbers between 2015 and 2019, grew from 1.8 million to 2.75 million. It also saw an improved seasonal spread throughout. In the year 2019, tourism also generated 2.22 billion euro in expenditure.

The positive tourist numbers were partly related to the number of high profile events that have happened in Malta, throughout the recent years. These events put Malta at the forefront as a cultural destination. This contributed to generate positive tourism numbers and an overall healthier expenditure. A few of these events included CHOGM, Valletta Summit and Isle of MTV Festivals. Valletta was also privileged to be the European Capital of Culture in 2018, which was also one of the main contributors in increasing Malta's touristic performance. One should note that one of the main aims when being awarded the European Capital of Culture is to revive the city's culture and boost tourism (Ebejer, 2019). This included a number of palazzos and historic houses that were renovated by the private sector, which were transformed to offices, residences and boutique hotels (Ebejer, 2019). According to a study conducted by Sultana and Saliba (2018) on the "Impacts of Valletta 2018 on the tourism sector", the estimated number of guest nights that were directly generated by Valletta 2018 during the period between January to September saw an increase from 534,600 in 2017 to 1.7 million in 2018. The tourist expenditure during the first nine months was around €288 million, which was

accredited to Valletta 2018 and accounted for approximately 17% of the total tourist expenditure.

The sudden outbreak of COVID-19 pandemic, has severely affected the Maltese tourism industry, with tourism levels dropping to a level far back as during the mid-1980s. Following a continuous growth within a span of eleven years, this has stimulated the reverse use of demand and supply within the hospitality sector, whereby, a high supply of bed-stock (current and those that are currently in the process) compared to the current demand, that will require a drastic rate of inbound tourist numbers than what would be expected in the current circumstances (MTA, 2021).

The pandemic has forced global tourism and specifically the Maltese tourism and hospitality sector into a crisis, which influenced a ripple effect, mainly focusing on efficient cost-cutting in hotels and businesses to safeguard the future and survival after the imposed national lockdowns, bans of international borders and consequences on human resources. The pandemic's uncertainty had resulted in the departure of a large majority of foreign workers and the threat of having skilled employees moving out from the tourism and hospitality industry to other sectors (MTA, 2021). However, a positive outcome from this crisis was the opportunity to rely and give importance to domestic tourism.

2.12 The role of Innovation management in times of economic crisis.

Similar to the global economic crisis during 2008- 2010, companies had to revert to cost-cutting strategies in order to retain the company's or organisation's survival and this was seen as a "reactive approach" to the crisis at hand (Millic, 2013; Campo, Diaz and Yague, 2014). It is naturally assumed that during times of economic crisis, organisations do not deliberately invest in R&D or in Innovation, however in long-term situations, sustainable innovation strategies would be an essential tool for businesses to overcome economic struggles and start the recovery phase (Millic, 2013). Government incentives could also finance part of the crisis funds to the tourism industry in order to support the entrepreneurial activities and investments achieved from the hospitality industry, which would in turn support the overall economic growth (Millic, 2013).

It has also been outlined that innovation management is crucial for organisations or industries that would be facing a degree of uncertainty or turbulence (Campo, Diaz and Yague, 2014), this could also be related to the current circumstances the hospitality industry is facing due to the effects of the COVID-19 pandemic. In the concluding arguments carried out in an empirical

study by Campo, Diaz and Yague (2014), it is suggested that hotels limiting the investment in innovation due to crisis emergencies or focussing on limiting innovation ideas to reduce costs, should reconsider this mind set and focus on creating new products or improving processes as precedence, which could be adapted to any crisis or unfortunate circumstances, such as uncontrollable circumstances that are considered as “Acts of God”, economic crisis, pandemics or simply competition within the same locality, city or area. This should be reviewed as an opportunity to excel above the competition and be responsive well in advance.

2.13 Conclusion

This chapter has given a detailed overview of what is process innovation and the importance of implementing innovation within the organisation, especially in times of economic crisis. The literature review shows how process innovation can be adopted from the manufacturing industry to the hospitality industry together with factors that influence the organisation to be innovative within the hospitality sector. Innovation practices within the hospitality industry have been explored.

The topics discussed including barriers to innovation, the role of the organisation management and role of innovation management in times of economic crisis, will be explored further with the chosen participants (both the General Managers and Heads of Departments) in the Methodology and Discussion chapter. These specific themes will provide a knowledgeable understanding whilst discussing with the General Managers/Senior Management on why hotels do not have a department related to innovation. Their views about the mentioned themes, will be analysed and compared to the secondary data presented in this chapter.

The next chapter will explain how the study was organised and methodology selected.

Chapter Three – The Research Method

3.1 Introduction

This research study has employed a mixed methods approach which involved planning, designing and collecting both the quantitative and qualitative data. Besides combining the two forms of data and utilizing well defined designs that may involve philosophical assumptions and theoretical structures, the foundation of this form of inquiry is understanding the core of the research problem, rather than relying on one approach alone (Creswell, 2014).

This chapter demonstrates the research design, the motive behind the convergent mixed method, the target sample and population, together with the research tool used. The last subsequent sections describe the data collection and analysis in accordance with the research tool. Ethical reflections were also taken into consideration throughout this research study.

3.2 Research Method: The Mixed Method Design

This research methodology explored the selected Maltese hotels' approach towards research and innovation. Finding out what Management (from senior to heads of departments) understands with what is process innovation and whether the organisation believes to have an empowered culture for change, which ultimately encourages the property to be innovative within the hospitality industry.

J. Creswell (2014) discusses three components that are involved in an approach, these include; Philosophical worldview assumptions which is sustained with the literature review, the research design that is related to the theoretical viewpoint chosen, and the specific methods or procedures of research chosen that translate the approach into practice.

The collection and combination of mixed methods approach enabled to neutralize the shortcomings of method limitations (Jick, 1979), whereby different types of methods can strengthen the research study (Greene and Caracelli, 1997). Using both Quantitative and Qualitative methods obtains different assumptions and views, different forms of data collection and analysis will give the best understanding of the research problem (Creswell, 2014).

3.2.1 The motive behind the Convergent Parallel Mixed Method

This research study adopted a convergent parallel mixed method whereby, separate perspective views from different senior roles within the selected four and five-star hotels in Malta, are analysed. The primary aim was to analyse the feasibility of introducing a process innovation management department in four and five-star hotels and whether some sort of innovation is currently taking place within the organisation.

In the classic version of this design, Creswell's (2014) typology, shows that there is only one phase in the overall design by collecting both quantitative and qualitative data simultaneously. As depicted in the graphic below (Figure 6), the design gave emphasis on Qualitative data collection and analysis, the reason being that the crucial responses to the research question were investigated through the qualitative data collection and analysis. Furthermore, the qualitative and quantitative data were collected simultaneously and analysed separately.

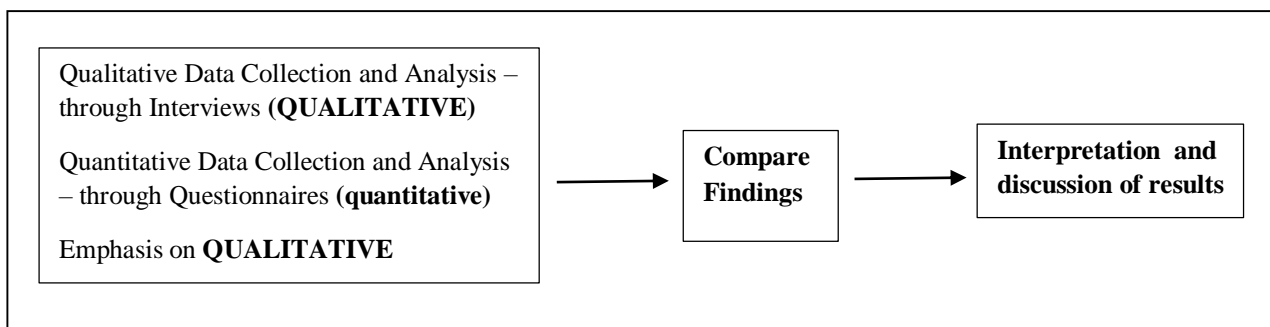


Figure 6: Convergent Parallel Mixed Method for the research study

The objective of this research was to compare the knowledge on process innovation and the company culture of the hotel in both chain and independent hotels in Malta. The interviews explored senior management's views on culture change and innovation and whether introducing an innovation department would be considered. The questionnaires were used to investigate the overall innovation culture within the organisation:- whether there is a potential interest for this department and whether the company's culture of empowerment would impact positively or negatively the participant's views on implementing innovation.

Semi-structured interviews were considered appropriate for this study, given the allowance to probe more questions and obtain deeper insights and information on the topics questioned. However, information provided might have been indirect, filtered, and the researcher's

presence might have biased certain responses. These were conducted either face-to-face or online, in case of time constraints or due to the pandemic restrictions during the time of the interview. On the other hand, the questionnaires confirm or contradict the interviewee's responses and therefore sustaining a stronger research study.

3.3 The Study setting

A list of hotels operating in Malta was traced through the "Malta Hotels Directory 2021" published by the Malta Tourism Authority.

The acceptability criterion used for inclusion within the study was based on the following:

- Star Rating: four and five-star hotels
- Have at least one food and beverage outlet which is in operation.
- Property has been in operation within the last three years or has undergone a recent refurbishment within the property.
- Willingness to participate

3.4 Population and Sample

The sample chosen for this research study was split equally to have four five-star hotels and four four-star hotels from different areas of Malta's hospitality industry. Initially, the ideal scenario was to compare both categories; by having two hotels that carry an international brand name and two hotels that are locally owned. However, this stratification was solely dependent on the property's consent to participate in this research study.

It has been noticed through the "Malta Hotels Directory 2021", that the majority of four-star category hotels are locally owned or managed. Therefore, those hotels who were international branded and have either rejected their participation or would have not returned any feedback, (following a number of follow-up calls and emails), were replaced with locally owned hotels. This decision was considered to enable completion of the study.

The interviews were conducted with mainly General Managers or Assistant General Managers of the selected properties. Moreover, it has been considered that if the General Manager of a particular property within the selected sample, was indisposed, the interview was extended to the Director of Sales of the property, especially if there was no existing position of an Assistant General Manager at the time of the scheduled interview. The interviewees selected, varied in age and experience, providing an equitable sample in the four and five-star hotels in Malta.

The questionnaires were conducted through internet surveys and were grouped in clusters according to the hotel selected. The clustered surveys were sent in staggering time frames, according to when the interviews with the General managers was scheduled. This was done to analyse the separate findings of the hotel simultaneously. The sample chosen was through a basic stratification process, whereby the stratum included Directors, Heads of Departments, assistant managers and supervisors, all genders and different age groups, to eliminate any discrimination.

It was estimated that the population size would reach 70 participants, with a required sample size of 60 participants considering the 5% margin of error (with the confidence interval at 95%). The use of scale used required respondents to compare their organisation's service and innovation levels to others in their industry segment and provide examples of how would the proposed department assist in their daily roles. The proposed population size was being taken into consideration due to the current employment levels affected by the COVID-19 pandemic.

3.4.1 The Selected Study Sample

An initial list of hotels for both the five-star and four-star category were chosen through the "Malta Hotels Directory 2021", ensuring that each property fits within the criterion previously outlined. Both lists included alternative options in case of rejection to participate in the study. These included:

- Two locally owned hotels (with a further selection of two hotels as a back-up option).
- Two internationally branded hotels (with a further selection of two hotels as a back-up option).

Following the recruitment process, the selected four five-star hotels had successfully agreed to participate in both the interview and questionnaire process. There were a few challenges with the recruitment of four-star hotels, whereby out of the four selected hotels, only one had agreed to participate, due to receiving no response, nor interest to participate. This resulted in a limited option and wider search of potential participant hotels. Another six locally owned hotels were contacted and a successful rate of three hotels had agreed to participate.

Therefore, the selected four-star hotels had to be split into having one international branded hotel and the remaining three hotels locally owned. This selection still fulfilled the required eight (8) participant hotels with the aim to gather a wider spectrum of information.

3.5 Planned data measurement

The semi-structured interviews and questionnaires (Appendix A) were constructed following the literature review and identification of the outlined aims and objectives of the study. A set of questions was prepared to be specific and less time consuming, considering the time constraints of all senior positions. Whenever requested, the questions were sent to the participant prior to the interview, especially given the level of technicality on process innovation methodologies presented.

The questionnaires were conducted through internet surveys and were grouped in clusters according to the hotel selected. The tool used to prepare the questionnaires was Google Forms and in order to abide by confidentiality, each hotel was stratified with their own colour identification. The participants were reached through email communication, either through a list of emails of the Heads of Department obtained or, the questionnaire link was sent directly by the General Manager, who had it distributed to the participants accordingly.

For both the semi-structured interviews and questionnaire, the questions were divided into five sections:

- (i). The Role of Organisational Culture within the company/organisation
- (ii). Those hotels which carry an International brand name were asked questions about the mother brand's involvement in innovation and culture of change.
- (iii). Questions about the recent refurbishment or opening of hotel.
- (iv). Process Innovation Methodologies adapted to the organisation
- (v). Process Innovation Management Department

The selected topics were considered to obtain a clear overview on the senior management's views on culture change (including the organisation's innovation culture), the impact of the company's culture of empowerment and the consideration of implementing or introducing a process innovation department. Questions were based on the literature review.

The following questions assisted in reaching the previously outlined aims and objectives, which were set out to answer the title of this research study:

Question 2. Do you consider your hotel to have an innovative culture/climate (please give your rating from 1 (low innovative culture) – 5 (high innovative culture)? If not, why not?

An understanding of the organisation's level of innovative culture, sustained with reasons for the rating provided.

Question 9. You have recently undergone a refurbishment or recently opened the hotel. Can you mention any innovative features that have been installed or implemented and are considered as “incremental” and/or “radical innovations” within the hospitality industry in Malta? In other words, innovations or processes/best practices that are unique to your brand/hotel?

This question gave an insight on the senior management's understanding on both innovation terms and whether best practices are considered as “normality” rather than brainstorm “leaner” ways of process innovation.

Question 13. Process innovation requires a combination of 1) continuous improvement – Lean Six Sigma and 2). Disruptive innovation – Innovation process model. Both types of innovation should contribute to each other rather than work in parallel views.

- a). Are you familiar with these concepts?
- b). What are your views on the concepts suggested to be adapted to the hospitality industry?
- c). Do you practise these methodologies within the company?

This question was an introduction on the concepts Lean Six Sigma and Process Innovation model. When required, an explanation on both concepts was given, which also gave insight on the familiarisation of these concepts, whether it was used in a structured (formal) or unstructured (informal) manner.

Question 17. Do you feel that the proposed process innovation department would be beneficial to the organisation? How? Please state in what ways will the department be beneficial.

Following an explanation and discussion about Salah's (2015) framework on the process innovation methodologies and Lean Six Sigma, this question explored Senior management's thoughts on the benefits of having a process innovation department and its feasibility.

3.6 Data Collection

All interviews were conducted between September 2021 and March 2022 according to the General Manager's convenience at their respective hotels or online. The interviews were held in English and lasted between approximately one hour to one and a half hours. All interviewees

have signed a written consent form prior to the interview. Moreover, the recording of data during the interviews were either audio recorded on a mobile device or video recorded if performed online. Both types of recording were later transcribed verbatim.

The questionnaires were conducted between September 2021 and March 2022, following the interviews. Each property was allocated a period of three weeks to complete the survey, from the scheduled interview. A further week extension was given to most properties, due to low response rate, despite the constant reminder/follow up emails sent to each participant or directly to the General Manager. The questionnaires were prepared in English and lasted an approximate duration of ten to fifteen minutes. Prior to completing the questionnaire, each participant confirmed their consent.

3.7 Data Analysis

Interview data were analysed through the reading and categorising the responses into sections of the interview transcripts. This long process included an in-depth analysis on the points of view in relation to the methodologies and themes discussed in the literature review chapter.

For easier measurement in questionnaire analysis, the use of Likert scale (whereby the participant rate a satisfaction scale that ranges from one extreme opinion to another for example, dissatisfied – neutral – satisfied) and open-ended questions were used, whereby the participants would have the opportunity to elaborate on their responses.

3.8 Ethical Consideration for the Sample Recruited

Voluntary participation of respondents to the research was given its importance and participants were also given the right to withdraw from the study, if the participation was not desired.

Participants for the interviews have been contacted by phone, with a follow up email explaining the aims of the study and what forms of participation is required. Once the approval had been received and an interview date has been scheduled, the consent form was sent and a list of Heads of Department/ supervisors was requested, in order to distribute the questionnaires as advised.

The questionnaires included a covering letter stating the consent form. The role of the informed consent was provided with sufficient information and assurances about the research study, thus

stating the purpose of the study, the reason for the selection of participants, a brief overview of the data collection process and emphasis on confidentiality of the research study.

During the interview transcribing, sensitive information or reference to the hotel name/group, were coded to minimise the exposure of identifiable data. Furthermore, the data collected was only seen and analysed by the researcher and records were held in accordance with General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Cap 586).

3.9 Conclusion

The convergent parallel mixed method involved a thorough and extensive analysis of a sample of eight (8) hotels in total who took part in semi-structured interviews and questionnaires. This chapter discussed the course of action to ensure that the study was finalised accurately and ethically. The subsequent chapter discusses the research findings from the data gathered.

Chapter 4: Research Findings

4.1. Introduction

This chapter studies the data gathered from the semi-structured interviews and questionnaires with the eight participating properties. In order to be able to perform a comparative analysis between the General Managers' responses and that of the Heads of Department, questions posed were similar to one another. The questions were structured in a way to build primarily upon the organisation's level of innovative culture, understanding what sort of process innovation is already implemented within the hotel and to give the opportunity to 'think outside the box'. This enabled to decipher a realistic approach towards the organisation's belief in innovation and their views about introducing a Process Innovation Department, whilst also enabling a good flow of responses, sustained with a few existing situations or examples.

Due to ethical reasons and to ensure the anonymity of all respondents, the identity of the interview participants and their respective hotels were not mentioned and a simple code was used to indicate the General Managers and respective property.

4.2. Background on Participant's demographic

For the interview process, of the eight (8) hotels selected, the participants included:

- Four (4) General Managers (two five-star hotels and two four-star hotels)
- One (1) Chief Executive Officer – the hotel, did not have a General Manager or Hotel Manager, and so, the senior representative was interviewed. (Five-star category).
- One (1) Assistant General Manager (four-star).
- One (1) Hotel Manager (five-star).
- One (1) Director of Sales - the General Manager was indisposed for quite some time and so, the interview was scheduled with another senior member. (four-star).

Out of the expected seventy (70) questionnaire participants, there was an outcome of thirty (30) responses. Out of the thirty (30) responses, 67% had been with the respective organisation for 6 years and over, and an equal 10% had been with their organisation for either 1 – 2 years or 6 months (figure 1). Furthermore, 80% of the respondents' roles, were Heads of Department and 33% had a team of between 15 or more team members (figure 2 and 3).

How long have you been working for the company?

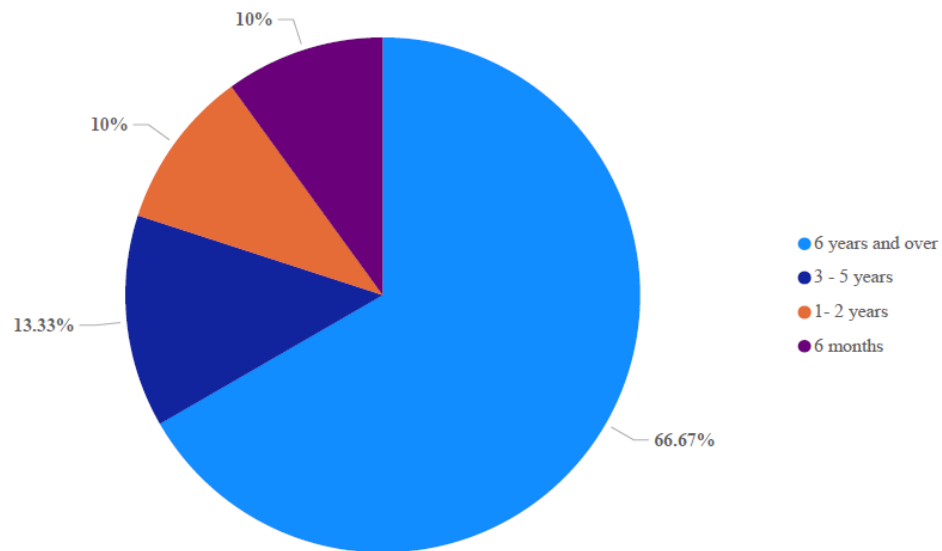


Figure 7: Responses on number of years within the organisation.

Role within the Company

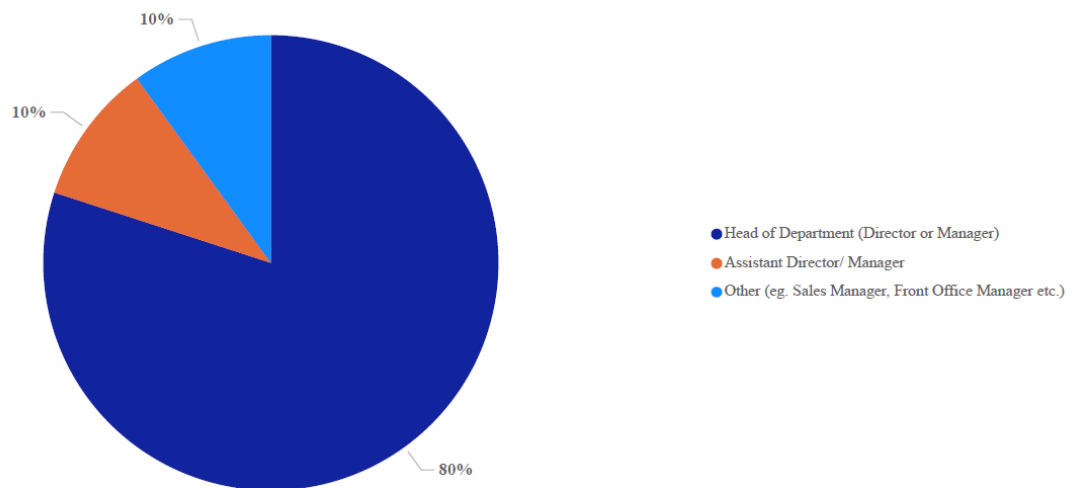


Figure 8: Respondents' Role within the company

How large is your team of employees?

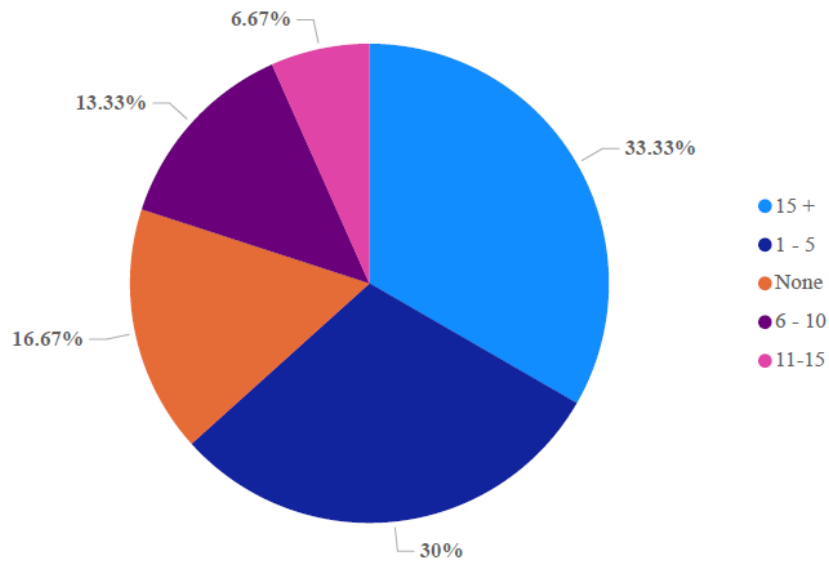


Figure 9: Respondents' team size within the respective organisation.

4.3. The Role of the Organisational Culture within the Organisation.

4.3.1. Culture of empowered change within the hotel

Empowerment within the organisation is vital for the employees to gain trust and take ownership of decisions. In fact, the GM from Property C mentions

“Empowering them from taking decisions as how to tackle a complaint, or how to change a process that can make it more efficient, such as to clean a room better, then definitely yes.”

and GM from Property D mentions

“it will only motivate the right people. If you have followers, who say ‘yes’ to everything, they will not care.”

This would increase the loyalty and commitment to the organisation, which in turn will enable the employees to think of new ideas and improved processes for better operations.

“The more, we as management managed to empower our members to come up with new ideas, new innovation, whether it’s a new product, which we can serve in the hotels, or better

still, a better way of doing certain processes, that will obviously help the operation (GM property F)”

Teamwork is a vital element within the organisation, where senior management should not underestimate their associates’ talents and abilities.

“This is not a one-man show. We need not only hands on deck but brains on deck (General Manager property A)”.

The majority responses from the Heads of Department agree that having a culture of empowered change will increase the employee’s loyalty and commitment to the hotel, which therefore sustains what senior management have outlined.

A suitable example of enforcing a culture of empowered change is by introducing an internal group with the hotel’s associates, who are encouraged to share their ideas

“to see how they see us (senior management) or how they see the rest of the team performing better (Hotel Manager property E).”

4.3.2. Rating of the Hotel’s innovative culture level.

Both the interviewees and Heads of department have rated the hotel’s level of having an innovative culture at an average of 3.31 and 3.63 respectively.

There are many factors that contributed to these ratings. Primarily it would depend on the dynamics of the hotel team; whether there are senior associates who have been with the company for a long time, resisting change and creating a challenge.

“The General Manager definitely delivers innovation and changing the mind-set. The hotel is nearly 80 years old and certain people have been there for 20 to 25 years, which is great However, they would resist change (Hotel Manager property E).”

Another drawback that coincidentally the COVID-19 pandemic provided a vivid example was that forced organisations to think of new ways and processes to keep the costs low and still maintain guest satisfaction levels.

“Operational limitations, such as current strains on human resources (GM property G)”
is also a challenge which was caused due to the pandemic, this limits the hotel’s pre-covid culture, despite having a culture of innovation.

Thinking of new ideas and improved processes requires time and research, which can put a strain on the person

“to juggle between managing a busy environment and at the same time get to think about how we can improve certain processes (Director of Sales property F).”

From the responses to the questionnaires, these are the reasons provided on the rating of the respective hotel’s level of innovative culture:

Positive Rating	Negative Rating
“There is a culture of innovation mainly in culinary department but also in sustainability.”	“There is a lot of room for improvement in many areas Both from a guest perspective purchasing the services of the company and from an employee working at the company.”
“We foster to think outside the box and to try and develop new concepts within our limitations.”	“Apathy overtook the whole company. From top/down.”
“We are now going through a change in mentality and the results are encouraging.”	“I feel that the rate of innovation within the hotel is relatively low.”
“Old Management seemed to lead top down. New Management seem to be changing that.”	“Lacking the willingness to challenge the status quo or to persuade decision makers to change ways of doing things. Sticking to what is safe is not always the best method.”
“Innovation needs to be backed up by financial planning rather than innovation for the sake of it.”	“In comparison to many hotels on the island, I think we are relatively innovative. However, often operational requirements or limitations inhibit the full potential.”
“In our hotel, innovation is always important to continue being leaders in our field.”	“We tend to stick to what we are used to as it is easier to operate however we need to innovate to keep up with the competition.”
“Every member of our team is encouraged to come up with ideas and ways of improvement.”	“Employees do not really submit ideas of improvement despite seeing them. They are shy to submit them.”
“Top management always ask for an opinion before implementing.”	“Sometimes the budget does not allow for these changes to occur”

Table 2: Responses to the rating of the respective hotel’s level of innovative culture.

Taking a look at Malta's innovation culture in general, *“as an industry (CEO property H)”*, it is still a bit behind when *“compared to other cultures. (GM property B)”*

4.3.3 By what method do the Heads of Department influence innovation behaviour to their teams?

“When you are innovative towards your staff, automatically you are innovative, because the staff will come up with different ideas themselves. So when you trigger something, then you get a positive reaction. If you don't do anything, then you will start having a negative ripple effect by leaving the organisation (Assistant GM property B).”

The common methods adopted by the Heads of Departments include open dialogue during departmental meetings, randomly coming up with ad-hoc ideas and having specific brainstorming sessions.

Open dialogue during departmental meetings facilitates:

- *“Communication around a table and sharing of ideas”.*
- *“Most effective way of communication and empowering team members”.*
- *“General consensus and group participation”.*

Furthermore, dialogue can offer different perspectives on an idea or discussion. However, this might not necessarily work for large structured hotels where human resources and time are limited, both of which hinder the head of department from carrying out their other responsibilities.

With random ad-hoc ideas this facilitates:

- *“Less formal and I believe staff feel more at ease to suggest ideas”.*
- *“Why wait if there is a great idea?”*

Furthermore, with specific brainstorming meetings, this enables to

“focus on innovation and will not get lost amongst other topics”.

Different hotels have their own structures of channelling their ideas. Departmental or management meetings is generally the favoured option, however other organisations have an open door policy that could result in

“Light bulb moments to bounce off ideas (GM property D).”

On the other hand, the challenge still remains that not all employees will give their input on process improvements –

“you have those who don’t give any feedback which I always say you have to have passion for it, but I can’t say that 100% of the employees have passion for the trade (GM property C)”.

4.4. Innovation with international brands and the local hotel’s culture.

From the eight (8) hotels that participated, only three (3) hotels were part of an international chain or brand. All three hotels mentioned that the mother brand does encourage a culture of change and innovation on a global scale. In fact, one of the three properties is a four star franchised hotel, that praised the brand as being

“super innovative. From what I see they are one of the most innovative hospitality chains in the world. And they wouldn’t be pre-COVID Europe’s biggest hospitality chain if they weren’t innovative (GM property D).”

All three brands do encourage a culture of change on a global scale which is then cascaded in one way or another to the local hotel level. However, when questioned if this is monitored by the brand, one of the three properties being a five-star franchise, the brand standards are the major interest. On the contrary, for another five-star chain property

“innovation practices are always in line with the brand, and this has to be maintained (GM property G)”.

4.5. Recent refurbishments or Opening of a hotel.

4.5.1. Radical innovation versus Incremental innovation in hotels.

Incremental innovation was the most favoured type of innovation. In fact, six (6) hotels from the eight (8) hotels have adopted this type of innovation. The idea here was to look into efficiency *“in serving the customer in the shortest period of time (GM property A)”*, not necessarily as a cost cutting measure, but by reducing any unnecessary waste. Notwithstanding that, certain processes were innovative a few years ago, which are quickly being adopted by other properties and *“anticipating guests’ needs (DOS property F)”*.

A few examples on what has been employed or introduced as part of the incremental innovation included:

- *“A system that reports any shortcomings; for instance, changing of a lightbulb in a room. The associate would report this on the system and includes having a follow-up. If there is no acknowledgement within the first 5 minutes, it is escalated to the head of department, followed by a further escalation to the next senior management, until it reaches the General Manager. There are different benefits to this, apart from tracking what the team is doing, you can also track how many bulbs have been used during a particular period (GM property A)”.*
- *“Before the refurbishment, when we had the traditional wardrobe, every January we used to close off two floors for maintenance to do the winter touch-ups, which included repainting doors. By eliminating the wardrobe doors and putting in a new wardrobe with a curtain, was actually bigger and offered the guests more shelving (DOS property F)”.* This enabled the property to reduce costs on the yearly maintenance required.

The other two hotels, a four and five-star property, had a rather radical approach on the projects implemented.

One was a concept which revolutionary changed the local hospitality business model within the local market whilst doing an extensive refurbishment of the property. Whereby, apart from increasing the number of rooms, the hotel had focused on an All-inclusive concept –

“Other hotels have breakfast, room only or all-inclusive. The all-inclusive percentage was 30% of the occupancy. We are 100% as all-inclusive. The only exception is a very small minority of timeshare clients that come on half-board basis only and the rest is all-inclusive (GM property B).”

The other hotel aimed at improving the process innovation related to sourcing out vegetables for the group in-house and putting the group in a different position within the local hospitality industry, by becoming the *“leading sustainable hospitality company in Malta (CEO property H)”*. The project will look into having a *“fully closed cycle farming”*, by creating their own gardens. This will help the property to source out their own vegetables with two systems; a mini-hydroponics system and regenerative farming. The process is initiated by recycling the plate waste and food waste generated by the organic waste, making sure it is 100% organic and sustainable. Having a *“zero emission approach to foraging our own vegetables (CEO property H)”*.

Certain radical and incremental innovations, would require initial research prior to implementing any ideas. Five properties had explored or assessed the right process that would enhance the service efficiency.

Research can take many forms in building the information required prior to implementation. Various structures of investigation were carried out such as;

- Visits to other all-inclusive resorts in Spain (Assistant GM property B).
- Adopting foreign concepts to the local organisation (for instance introducing brunch in Malta three years ago), (Hotel Manager property E).
- Competition analysis on the local market (main competitors at the time and other hotels in higher categories) and attending overseas fairs. Guest Feedback is also another means of gathering data on what processes need improved efficiencies (DOS property F).
- A full research report based on the information gathered from the experience of running the hotel, this involved heads of department, board members focusing on *“areas that need to be refurbished, how and what should be placed in these areas (GM property G).”*
- *“Partnerships with other experts within the field who also have similar projects going on, and sustaining their livelihood through contractual obligation”.* (CEO, Property H).

4.5.2 Heads of Department’s involvement during refurbishment or opening of hotel.

Only forty per cent (40%) of HODs were directly involved in their respective property’s refurbishment or opening of the hotel. Two respondents were given the

“opportunity to come up with ideas, do research and also given the opportunity to visit other countries and experience new trends” and

“coordinated the refurbishment where I involved my management team from start to finish of the project to ensure that the end result improved the level of employee efficiency and guest experience”.

Other respondents assisted in decision making, prepared a process creation and implementation of a brand standard programme.

The remaining sixty (60%) per cent of HODs were either; not involved in the process (27%), the refurbishment/ decision making did not concern their specific department (13%), third party

consultants were engaged and did all the decision making (10%). The remaining 50% of respondents did not provide a reason.

There seems to be a similarity with hotels that are extensively refurbishing and those hotels during the pre-opening of a property, whereby a project management/ designer team was involved, excluding the input of the concerned management team.

“There is that issue between project managers, designers and hotel managers (like myself) that whilst a designer can make it look attractive, the manager will look at how feasible it is to manage and therefore at planning stage you need to have an experienced manager together with his team and the designer. Working hand in hand and challenging each other (GM property A)”.

“I was not involved in the designing element, that was the designer. However, a lot of the opening comes from the brand. When you are actually opening a hotel there is what is called a Critical Path, that leads you towards the details, until you reach the opening, such as systems to use, number of sheets and towels to buy etc. (GM property C)”.

4.6. Familiarisation on the Process innovation methodologies and the adaptation to the organisation.

Lean Six Sigma is one of the *“practices one can implement in the hospitality industry. It’s methodology works and gives you positive results and solutions to challenges (GM property G)”*. Fortunately, the GM of property E, had previous experience in the field and was *“one of the big leaders as a Black Belt Six Sigma and does mention a few times that processes changed individuals (Hotel Manager property E)”*.

Lean Six Sigma and Innovation Process models are structured models that need training in order to be adopted on the job. There is familiarisation with these methodologies (with further explanation), however overall the Process innovation methodologies are being practiced indirectly and in an unstructured manner.

“... these methodologies, especially the one that uses process (lean Six Sigma) – that’s where you have the figures, they can give you a result and you have to do a process to improve it.... The ad-hoc ones are the quick fix and I think they are more related to the service aspects (GM property C).”

“Control is the last process from the DMAIC model. You need to have the measuring and analysing stage, in order to have control. Now sometimes they are automatic, especially if you

are within the industry, these things come automatic, but obviously you have the directors that if you don't control, you would be responsible for it (Assistant GM property B)."

One of the five-star properties (which is a brand), a few years ago had Six Sigma as an independent department, however

"when the mother brand was bought over by another company, it was changed to Operation Innovation and later that responsibility was given to every single department in the hotel, to implement the Six Sigma practices in an ongoing process (GM property G)"

The framework presented to both participants (interviews and questionnaires), aims to achieve the integration of management principles, implementation practices and cultural changes (Salah, 2017).

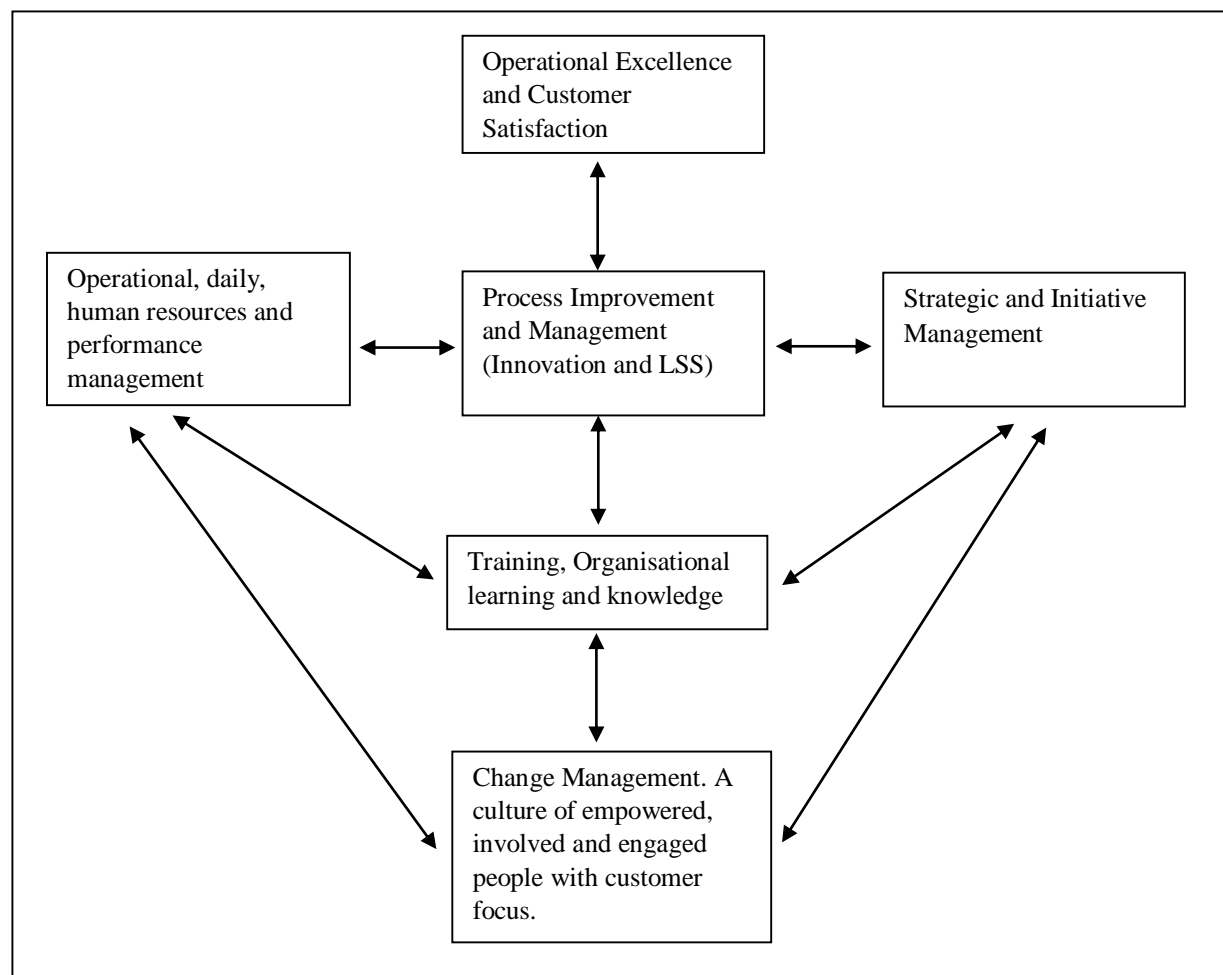


Figure 10: An adapted continuous improvement framework from Salah (2015) which shows how Lean Six Sigma and Innovation link to other building blocks within an organisation, Salah (2017)

There was common agreement with the General Managers that, in one way or another the structure is similar to how their organisation operates. A few suggestions on what should be improved or the way the structure should be amended; such as in a linear or circular approach was suggested, in order to have a better visual and better understanding on the alignment with the continuous improvement approach. Priority is given on the operational, daily and human resources (including recruiting the right people) block, together with training. (See Appendix D for all diagrams).

Twenty-nine (29) responses from the Heads of Department agreed with the framework presented, except for one response who felt that the structure should be leaner. Another participant suggested that a less complicated structure would encourage success in innovation by having

“1. Training, 2. ‘A change’ culture instilled within the employees, 3. KPI’s to measure against, 4. Someone in charge to see that the process is being maintained and tweaked as necessary”.

4.7 Feasibility for the proposed Process Innovation Management Department.

4.7.1 Process Innovation department: Reasons and Benefits.

Many reasons have been discussed on the cause why hotels do not have a dedicated department to innovation.

“How can you sustain a payroll for it? I expect that from an HOD perspective – management innovation comes with it. So you are paid the right wage to have all these talents and having an additional position, I think it’s an additional cost to payroll (GM property C).”

The majority claimed that the management team should wear their “thinking hats” and push forward any ideas for innovation or fixing any processes that need improvement. These are mostly discussed during Head of department meetings.

“The team itself on innovation comprises the heads of department along with the human resources. During departmental meetings, we try and come up with ideas (Assistant GM property B).

Moreover, when having the main structure of a number of processes in place, it is then a matter of changing and amending as it progresses. This would then become an integrated part of the management culture and become normal procedure. Thus,

“It does not justify to have an independent department, but linked to every department to maintain an ongoing innovative momentum (GM property G).”

Fortunately, heads of department take pride in their work and are protective of their team. It would require a lot of humility to accept this person or department to *“correct”* a process which has been done the same way for a number of years (GM property D).

A common recommendation was to *“invest in a person whereby one of the criteria needs to be innovative (GM property C)”*, rather than investing in a sole department and *“dedication to this role is required, in order to adapt the process requirements according to the needs of the hotel (GM property A)”*.

Having a *“champion for innovation (GM property C)”*, who works closely with the Head of Department would have a more focused line of study, better chance of implementing the improved process and would have less uncomfortable situations between the team itself. There are different elements of expertise within a team, and the Champion would need to have an element of curiosity within this role to ask the right questions. *“Those who have experience will not ask the ‘why’ questions, those who do not have experience will ask the ‘why’ questions (DOS property F)”*.

Eighty per cent (80%) of the respondents agreed that having a process innovation department would be beneficial to the organisation, whilst twenty per cent (20%) of the responses disagreed:

Yes	No
There needs to be structured way of innovation.	I think it is too complicated to work and people will lose interest quickly. Employees are already concerned with their work and any extra ‘load’ they might have to take. It has to be easily understood, and not feel like a burden.
Guests, team members, owners will enjoy the benefits than innovation brings. Better ways of working, improving quality of service or products provided to our guests and greater financial returns due to the aforementioned.	I am not sure if there can be just one department responsible for innovation. Departments specialise in their specific areas and therefore I think the innovation has to come from the department itself.
If the department is made up of people with experience in the industry, and that are also creative-thinkers, then I am all in for it.	Innovation is part of every manager’s duties: interact with the team, see the reality of the field or check competitors/new practice to engage on innovating processes.

A dedicated innovation department will have the best mind set to carry out changes.	
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Table 3: Responses regarding whether a process innovation department would be beneficial to the organisation

4.7.2 Process innovation Department: would it have helped to reposition the hotel's strategy during the COVID-19 pandemic?

The “*main challenge everyone faced when COVID hit, was to become leaner (GM property D)*”. This department could have contributed whereby “*certain changes could have been adapted or changed faster (DOS property F)*”.

However, all hotels had to do what was required in such a difficult time – without such a department, because “*the innovative committee was everyone (Hotel Manager property E)*” and “*enough innovative practices were in place (prior to COVID), last year at the core of the pandemic, we did not register a loss (GM property G)*”.

The pandemic brought about a joint effort by employees, senior management and owners – to encourage each other and see through the end of such a difficult period.

One of the four star properties which is locally managed, had employed a senior manager whose role was to improve existing processes within the property. His role had begun just before the pandemic broke out, which helped to reduce a heavier negative impact, reduce the stress and chaos that the pandemic had brought with it. In fact, a strategy was worked upon accordingly (GM property A).

The Heads of department responded with an equal bias of 50% being in agreement and the other 50% were neutral to the fact that the department could have assisted to reposition the company's strategy.

Reasons in favour of the department included the following:

1. “*When your employees are armed with an ‘innovation’ mind set, they are more able to adapt and come up with new ways to combat problems as they arise. Therefore, when COVID-19 hit, they might have already been trained enough to adapt quickly.*”
2. “*I agree as the company was too slow in implementing innovative ideas for revenue*”.
3. “*The hotel could have got ideas from different employees on how to find innovative ways to reposition the operation.*”

4. *“They would have had the time to break down every hotel process and see what needs to change before we are provided tools from the brand or ‘learning by doing’. Like that adaptation is easier/smoothed”.*
5. *“These people would be individuals who are skilled at looking outside of the box, and are agile at finding solutions.”*

Reasons to neutrality in this argument include the following:

1. *“The pandemic effects were so unpredictable that I do not think anyone would have thought of preparing a strategy like this before it happened”.*
2. *“Certain decisions had to be taken by hotel owners as it would have been difficult to make ends meet in a situation where no one knew where we stood. We contributed into a lot of decisions however we are a big company and the brand had to finalise all decisions.”*
3. *“What happened after 2019 (COVID) is unprecedented and very volatile which changes on a daily basis and thus no amount of innovation and planning could have helped”.*

4.8 Conclusion

This chapter has carefully described the findings for the topics outlined of this study. Both the General Managers and Heads of Departments have provided insights on the importance of the organisation’s empowerment culture, their involvement in the hotel’s decision making during refurbishment and opening, together with their insights on the feasibility of introducing a process innovation department. The importance of staff involvement and constant improvement on the current processes was highlighted.

The next chapter discusses the conclusions derived from the data collected.

Chapter 5: Discussion

5.1. Introduction

This chapter will analyse the findings and compare secondary data presented in the literature review (Chapter 2). Research in disparity between the study carried out and secondary data will also be examined and discussed.

Primarily, the purpose of this study is to investigate whether hotels in Malta would invest in a full-time department dedicated to process innovation and research, rather than having tasks delegated to Senior Management/ Heads of Department. The research aims of the study, will also be analysed and discussed individually. To recap, the research aims were;

1. Analyse the selected Maltese hotels' organisational culture (openness to change management), the influence of innovation behaviour (within the organisation) and if Lean Six Sigma and Innovation practices are in existence.
2. Investigate if during the refurbishment or opening, the hotel preferred radical or incremental forms of innovation and the feasibility of introducing a dedicated department that would benefit the organisation's reduction on operational costs, by improving the challenge or process (Salah, 2017).

For the reader's easier interpretation in this chapter, the objectives will be divided into four themes, following a similar structure in the previous, Findings chapter. These include:

- i. The Role of Organisational culture,
- ii. implementation of either incremental or radical innovation during the hotel's refurbishment or opening,
- iii. Process innovation methodologies adapted to the organisation and finally,
- iv. Feasibility of introducing a Process Improvement department.

5.2. The Role of Organisational Culture.

With the hospitality industry's dynamics, a positive and supportive organisational culture is vital. Human resources are a prime element within the hotel segment, as the employees would need to be competent, skilled and experienced to respond to the demand patterns (Zehrer et. al, 2016). With a supporting culture of both the employees and the top management's commitment, this would assist in a higher success rate (Salah, 2017) – *"We are now going through a change in mentality and the results are encouraging"*.

Stimulating a culture of empowerment, would help to align the company's goals and oblige the team to learn and adapt in improving operational processes (Zehrer et. al, 2016)-

“This is not a one-man show, we need not only hands on deck but brains on deck (GM property A)”.

In fact, the GM from property F sustains the idea of having an innovative and empowered culture:

“The more, we as management managed to empower our members to come up with new ideas, new innovation, or better still, a better way of doing processes, that will obviously help the operation”.

Whilst entrusting empowerment to the employees and having a culture of new ideas, will lead to less costs in engaging third-party consultants to assist in improving processes (Jones, 1996).

Part of having an empowerment culture, is the means of acceptance and openness towards change and improvement (Zehrer et. al, 2016). As a matter of fact, all properties encouraged having an “open door policy”, in particular Property E, whereby an internal group has been created to encourage recommendations or improvements on either; how senior management can improve or how can the hotel team perform better. This also confirms that having an empowered leadership eliminates any unnecessary administrative or management constraints and accepting the will to improve as an organisation (Hassi, 2019).

The mean innovation level within the hotels participated was considered to be average. Bilgihan and Nejad (2005) and Papadaki (2016), argue that cost of innovation, resistance to change, resistance from owners, together with time and budget constraints factors need to be taken into consideration depending on the current organisation's structure. In fact, through this research, the top factors that have been mentioned were:

- Resistance to change from senior employees:
“The General Manager definitely delivers innovation and changing the mind set... the hotel is nearly 80 years old and certain people have been there for 20 to 25 years, which is great, however, they would resist change (Hotel Manager property E).”
- Lack of Human Resources: *“Operational limitations, such as current strains on human resources (GM property G)”*
- Time constraints and increased responsibilities:

“to juggle between managing a busy environment and at the same time get to think about how we can improve certain processes (Director of Sales property F).”

- Budget constraints: *“Sometimes the budget does not allow these changes to occur”*
- Passive reaction and maintaining a culture of close-mindedness:
“We tend to stick to what we are used to as it is easier to operate however we need to innovate to keep up with the competition” and “Lack the willingness to challenge the status quo or to persuade decision makers to change ways of doing things. Sticking to what is safe is not always the best method.”

When discussing the above mentioned factors with the GMs, COVID-19 pandemic was a focal point. In the past two years, the pandemic was part of the main reason for causing strains on the overall innovation level. Having said this, even though the pandemic affected many aspects during difficult periods such as lockdowns, still, teams were encouraged to think of new ways/ processes and be more “open” to new ideas.

Another barrier to innovation that is also common in hotels is the timidity to submit ideas *“despite seeing them”*. Ultimately, this also ties with the importance of having a culture that encourages idea sharing.

Despite having most products and services offered within the hospitality segment, commodities (such as free WIFI in the bedrooms and public areas), continuous improvement may help to sustain the business, however operational innovation is required to be considered as superior with better competitive advantage and therefore reach the blue ocean arena (Hammer, 2004) – *“In our hotel, innovation is always important to continue being leaders in our field” and “We foster to think outside the box and to try and develop new concepts within our limitations”*.

It has been noted that the most common method used by the HODs for influencing innovation is open-dialogue during departmental meetings and focused brainstorming sessions. Richard (2017) suggests that organisations find new ways to inject new ideas, which is also a form of open innovation. Eventually, following these sessions the innovation process (Foss and Peters, 2016) would instigate the activity, whereby there is an initialisation of ideas, followed by idea generation, idea evaluation and selection, idea development and finally commercialisation. This facilitates *“Communication around a table”* and idea sharing, whilst reaching *“group consensus and group participation”*.

On the other hand, having adhoc ideas enables “*light bulb moments*” (GM property D) and encourages a ‘think it – implement it’ attitude rather than having to wait until the next departmental meeting to start implementing the idea.

5.3. Implementation of either incremental or radical innovation during the hotel’s refurbishment or opening

Incremental innovations are slight improvements or adjustments to the service (Un, 2010), this aims to reduce costs and lead times (Hammer, 2004). The reporting system applied by Property A for instance, looks into “*serving the customer in the shortest period of time*” (GM property A), by looking into eliminating any unnecessary waste. Not only would this reporting system identify how long did the employees tend to the issue or challenge, it would also provide an inventory which would help to keep track on costs within a set period of time.

Radical innovations completely change the business model and the way processes are done, which automatically places the organisation in better competitive advantage and reaching the blue ocean of competition (Martinez- Ros, Orfila-Sintes, 2009). The all-inclusive concept from property B and the regenerative farming in property H are both very clear examples that show how both organisations have revolutionised the business model in their respective spectrum.

The All-inclusive concept was relatively new when introduced in Malta in 2014 (Assistant GM property B). Moreover, the advantage of opting for this type of accommodation was volume, which resulted in better efficiency in operations - a pattern was created for both guests and staff by following the guest’s schedule (Breakfast – Lunch – Dinner) and the occupancy would determine the numbers for the guest’s meals per day, per restaurant (so as to offer a variety of options to guests). Whereas normal hotels would be able to rely on occupancies whose guests booked on Bed and Breakfast (B&B) basis or Half- Board basis (HB).

In the case of the regenerative farming in property H, this being quite a recent project and is still ongoing, the organisation’s objective is to “*have a zero emission approach to foraging our own vegetables*” and therefore the ultimate goal is to decrease costs by reducing drastically the procurement from a vegetable supplier, whilst improving the efficiency of internal processes. As Millic (2013) has outlined, this process innovation is an innovative form of farming within the hospitality industry, which relates to the business process management where sustainability and education to all the organisation’s clients and stakeholders takes a forefront. Moreover, the process of aquaponics engineering and regenerative farming have a linear and cleaner process method that supports the organisation to source out their own vegetables in all their venues.

Receiving subsidies for certain projects would also be an incentive in order to push for the organisation to reach a better level of culture innovation (Zehrer et. al, 2016).

The size of the organisation or hotel would determine the strength of financial resources to invest in new systems or supplies. In order to come up with such ideas, exposure to R&D activities would enhance the chances to educate and implement accordingly (Wickhamn et. al., 2017). The properties interviewed use many different forms of analysis such as foreign visits to similar concept resorts (property B), performing a local competition analysis and analysing the guest feedback (property F), performing a full research report based on the running of the hotel and information gathered from the Heads of Department (property G) and engaging partnerships with experts in the field (property H).

Moreover, when carrying out a refurbishment or opening a new hotel, the involvement of the Heads of Department would be crucial, seeing that they are the experts in their field and know what resources are required for a functional, efficient and high performing department. In fact, one respondent (HOD) was given the opportunity *“to come up with ideas, do the research, visit other countries and experience these new trends”*. Another respondent (HOD) was responsible in *“coordinating the refurbishment by involving the management team from start to finish to ensure the end result is improved level of employee efficiency and guest experience”*. Other HOD’s have assisted in preparing a process creation and implementation of a brand standard programme.

The GM for property A has highlighted that when working on a property’s extensive refurbishment or opening a new hotel, there needs to be a healthy working relationship between an experienced management team and project management/designer team. Both teams need to understand the requirements that whilst being aesthetically pleasing, practicality and feasibility need to be given priority.

5.4. Process innovation methodologies adapted to the organisation

Lean Six Sigma is a practice that although it was initially implemented in the manufacturing industry, can be adapted to the hospitality industry that “*can give positive results and solutions to challenges* (GM property G).” The Process Innovation Models are similar to the Lean Six Sigma, however depending on where the organisation was heading; the steady state – ‘Doing what we do but better’ (incremental) or discontinuous condition – ‘Do different’ (radical).

As previously outlined, the principal objective for process innovation is to increase profits whilst decreasing costs and improving the efficiency, whilst increasing productivity of the operational process. Senior management have mentioned that the essence of these methodologies are being adapted to the organisation, however not in a structured manner such as the DMAIC model (for Lean Six Sigma) or evaluating which process model to adopt. Lean Six Sigma is mostly data-driven, whereby the results show what are the “pain points” of the processes that need improvement, and various activities would be carried out to reach to the root of the problem. Solutions and maintaining the improved process would enable continuous improvement. Process Model two, which is the unstructured and rather haphazard way of implementing improvements are also related as quick-fixes. “*The ad-hoc ones are the quick fix and I think are more related to the service aspects* (GM property C)”.

The Assistant GM from property B, evaluated that although the DMAIC process is a formal structure, the model per se is still practised “automatically” within hotels:

“You need to have the measuring and analysing stage, in order to have control. Control is the last process from the DMAIC model and these come automatic, but obviously you have the directors if you don’t control, you would be responsible for it”.

The GM for property G, explains that as a mother brand, Six Sigma was initially an independent department, which was then changed to “*Operation Innovation*”. Eventually, the mother brand recognised the need to adapting the Six Sigma methodologies “*as an ongoing process*”, as part of the department’s responsibility. Apart from the benefits that the Six Sigma methodology provides such as adoption of objective techniques, improved production and workplace environment, Six Sigma projects are expensive to perform in the long run, due to the labour costs, maintenance required and other expenses required (Pearlman and Chako, 2012).

Apart from having a culture of innovation, Hammer (2004) argues that incremental and disruptive innovation need to contribute to each other, in order for the organisation to have a

higher success rate in innovation. Salah's (2017) continuous improvement framework (figure 11) demonstrates how Lean Six Sigma and Innovation link to other building blocks within the organisation to achieve the combination of management principles, the execution of practices and importance of cultural changes.

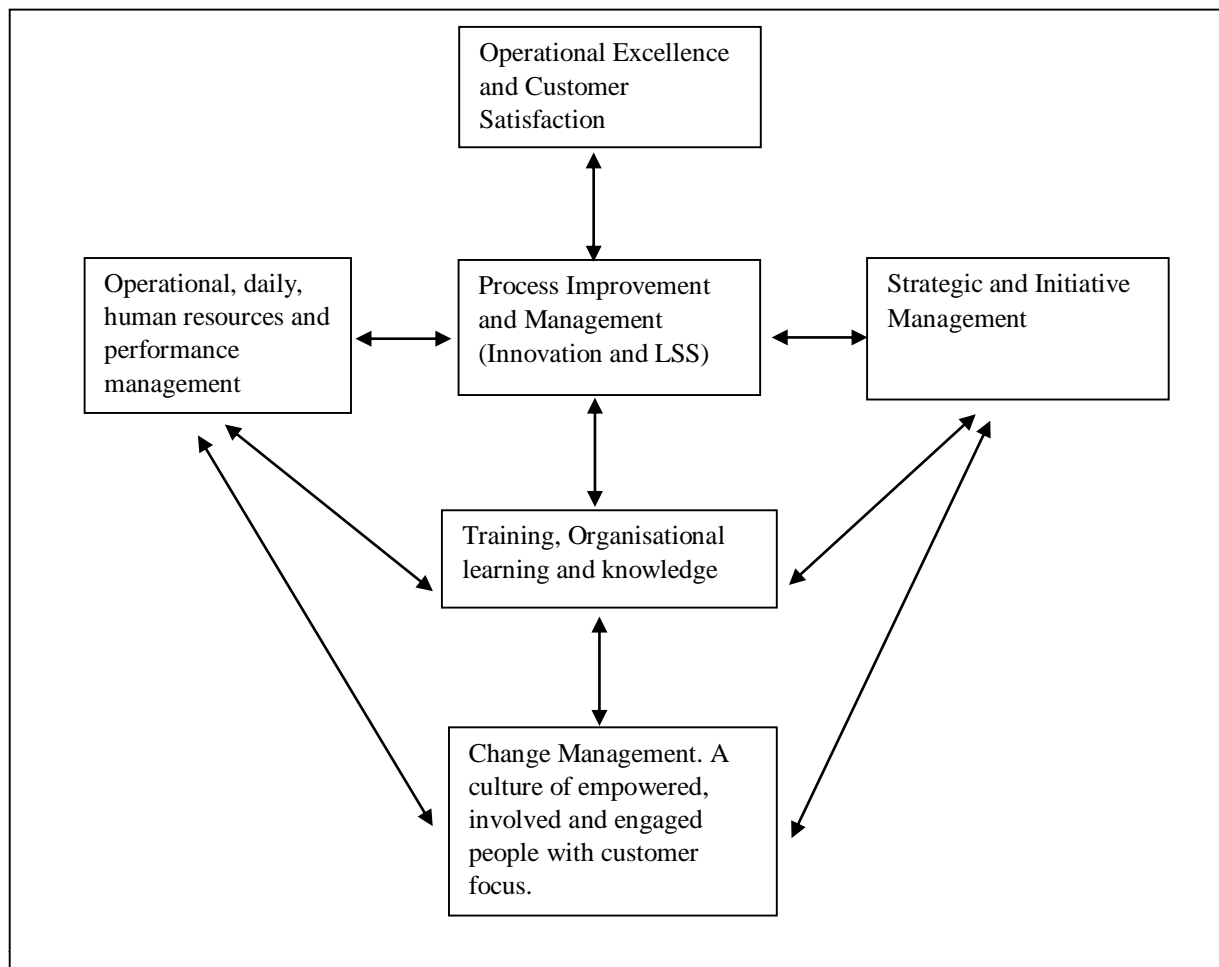


Figure 11: An adapted continuous improvement framework from Salah (2015) which shows how Lean Six Sigma and Innovation link to other building blocks within an organisation, Salah (2017)

Whilst the framework reached a consensus by all General Managers when questioned if the framework is similar to their organisational structure, a few of the participants commented that the framework was quite confusing at first glance with having all the arrows leading to the blocks, and so difficult to focus on the main goal of the framework. Therefore, participants were asked to display and indicate what would be their ideal framework that could be adapted to their organisation.

The GM's majority approach and one of the HOD's observation, was to have a more linear or circular approach, for a better visual understanding on the main pivotal blocks to reach the continuous improvement approach. This observation ties Millic's (2013) recommendation that management could turn to process innovation to assist in improving processes by adopting a linear and cleaner process methods. Although, this continuous improvement framework by Salah (2017), could be appropriate as a guideline to the organisation, this is not necessarily in a linear format as presented in (Figure 12 and 13).

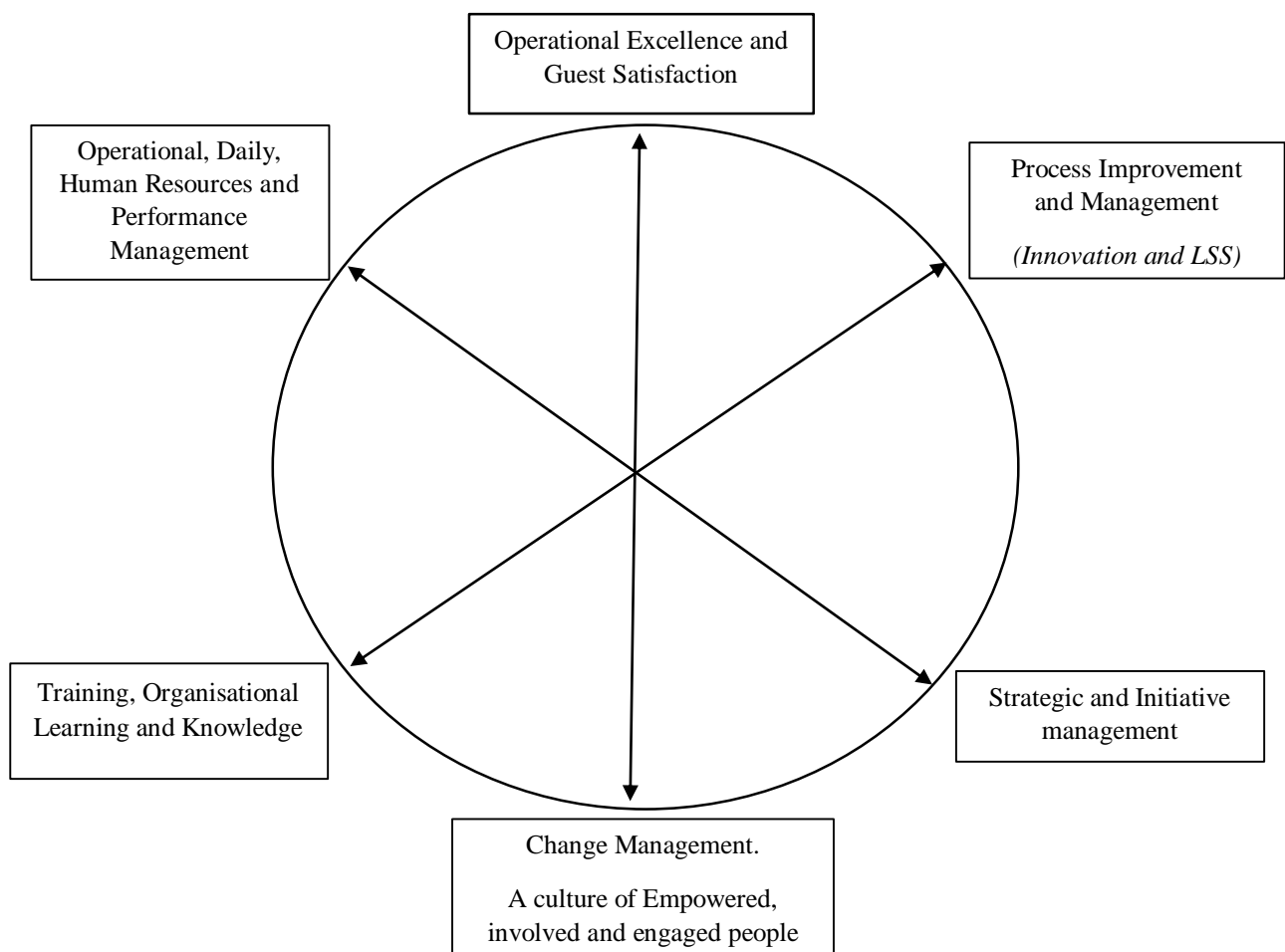


Figure 12: Property B – Assistant GM's framework adaptation.

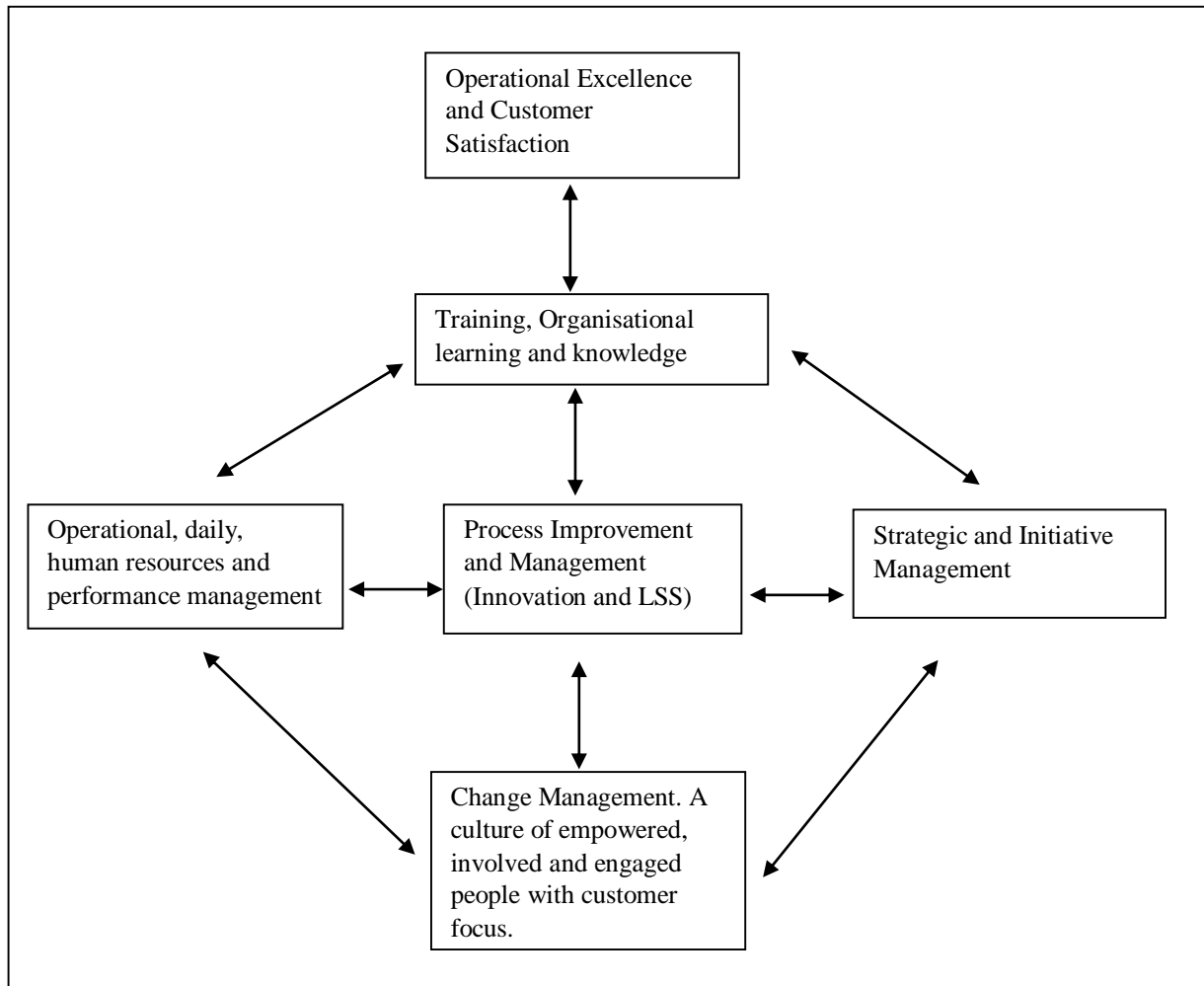


Figure 13: Property E – Hotel Manager’s framework adaptation

A common consensus on the operational excellence block, operational daily performance and human resources block and training block, were amongst those that were being given top priority in order for LSS and Innovation to work effectively.

5.5. Feasibility of introducing a Process Improvement department.

Many reasons have been discussed with the GMs to understand different perspectives on whether the proposed Process innovation department could benefit the organisation. The GM for property C, argued that having an independent department cannot be sustained on a full-time basis, since it is expected that “*from an HOD perspective – management innovation comes with it*” and therefore would be an extra expense on payroll. In the Starwood case study, Pearlman and Chako (2012), argue that initially the Six Sigma programme was supported by all levels in the organisation. Nonetheless, the black belts were given specific goals to justify

their positions at the hotel. Therefore, without determined goals this department might become a challenge to maintain it on a full-time basis.

In addition to the above, the GM of property G argues that having an independent department for process innovation is not justified, when the organisation has a solid structure of processes in place. Yet it will be a matter of altering and adjusting any processes which is linked to every department, that would need to be tweaked as it progresses (Booker et. al.,2013). This would then be engrained within the management culture and becomes a normal course of action, *“to maintain an ongoing innovative momentum”*.

Besides having the organisation encouraging empowerment and change management in favour of innovation, Malaviya et. al (2005) outlined that primarily there should be high levels of work excellence, employee recognition and commitment from all ranks, whilst ensuring teamwork contribution to reach the long-term vision of the company. One respondent (HODs) remarked that employees might lose interest in the scope of the department, especially if they are already concerned with their work load. The goal of the department would need to be *“easily understood and not feel like a burden”* (HOD respondent). Furthermore, similarly to what the GM from property C remarked, two HODs mentioned that innovation management should be part of the manager’s duties to do their own research and implement practices. Moreover, the department is the expert in their own field and therefore should focus on their own process improvements.

Rather than having a sole department related to process innovation, it has been suggested by the GMs that they would rather *“invest in a person”* (GM property C) within the department, who is dedicated *“to adapt the process requirements according to the needs of the hotel or department”* (GM property A). This is also referred to being a *“Champion for innovation”* (GM property C). This chosen ‘Champion’ would work closely with the Head of Department who would need to have a certain level of curiosity that would be able to challenge the team on how current processes are being carried out and what can be improved by asking the right questions. This approach could be carried out during the departmental meetings and brain storming sessions, by outlining the “pain points” from the guest satisfaction index and using tools such as cause and effect diagrams or conducting process maps. If the improved process reaps rewarding financial results on a department level, this could eventually be applied to the hotel level and escalated to the hotel’s group level as *“Best practice”* apart from receiving the right recognition to the study carried out (DOS Property F). To further sustain this argument, Enz

and Way (2015) argue that process innovation requires change agents in order to push for new ideas and to ensure that the improvements are being monitored over a long period of time.

It has been discussed with the GMs that during the pandemic, the main challenge of each property was to become “leaner” and therefore sustainable innovation strategies had to be thought of together as a team in order to control and overcome the economic struggles, and eventually work on the recovery phase (Millic, 2013). However, putting the COVID-19 pandemic in perspective, this caused sudden “*unprecedented and volatile changes on a daily basis*” (HOD respondent), that no pre-strategy or planning would have prepared any hotel business to survive such a crisis. On the other hand, having employees “*employed with an ‘innovation’ mind set*” (HOD respondent), would have enabled better training to adapt to such situations quicker and management could have acquired “*ideas from different employees on how to find ways to reposition the operation*” (HOD respondent).

5.6. Conclusion

This chapter has discussed the aims presented in the introduction, that ultimately provides insight to this research on the feasibility of introducing a process innovation department.

It has been concluded that the organisational culture is crucial within the hospitality industry, which not only encourages idea sharing on improving processes, but also would increase the employee engagement and satisfaction to help the organisation reach better customer satisfaction and ultimately better financial results.

An element of innovation is currently being carried out within four and five-star hotels, except that it is not being done in a formal structure (by using relevant concepts), rather in an informal “automatic” way of doing things.

Having a sole department dedicated to process innovation will not be sustainable or justified in the long term, as it has been discussed with the Starwood case study (Pearlman and Chako, 2012). Alternatively, it is recommended to have a “*champion for innovation*” in each department, who could push forward and focus on the implementation of improving processes for the specific department, which could have the potential to become “*best practices*”.

The next chapter, will conclude this study by outlining the limitations to this study and further recommendations for future studies.

Chapter 6: Conclusion

6.1. Introduction

The main objective of this research was to investigate whether four and five-star hotels in Malta would invest in a full-time independent department related to process innovation, in order to attain and sustain a stronger competitive advantage within the industry.

This research has identified factors that would contribute to the reason whether the department is feasible or not such as; the relevance of the organisational culture to accept novel paradigms, overcoming the barriers that would hinder further innovation processes or methods within the organisation and the role of innovation management in times of economic crisis.

Understanding the process innovation concepts, would ensure a mapping technique to be implemented for novel or enhanced ideas. Giving the chance to employees to contribute in improving processes, would encourage the autonomy and involvement within the organisation, which ultimately gives a healthier culture to the organisation in retaining staff. Apart from learning the methodological aspect and adapting to the organisation, process innovation does involve research, critical thinking and creativity. Having an independent department focused on process innovation management, seems not to be feasible with participated properties due to budget restraints or how to sustain an additional payroll within the hotel structure. However, having '*champions for innovation*' could be the start to drive the innovation culture within the organisation.

Although only a total of eight GMS from the five-star and four-star categories have been interviewed, this was a small sample that reflects the overview of what is the industry's understanding on process innovation and each property had its own way of innovation practices. Therefore, all aims and objectives from this study have been achieved, with concluding thoughts on possible recommendations.

This final chapter concludes this study by discussing the limitations encountered during this journey and recommendations for future studies, with the objective to be a guideline for the gaps in knowledge experienced in this study.

6.2. Limitations to this study

Given the period of time that this study was conducted in proved to be a challenge in recruiting hotels. The selected hotels were approached to participate during the mid-part of the COVID-19 pandemic crisis – mid- to- end year of 2021. During that period in Malta, most hotels were

either closed down for refurbishment until further notice, or were gearing up for the re-opening during the summer season, which also required supplemental preparation in line with the local restrictions/guidelines for operation during the COVID-19 pandemic. Other hotels were engaged in refurbishment projects and therefore the time and focus was the reason for refusal in participation. This unfortunately, impacted the overall desired selection and also the final recruitment of hotels.

Apart from the recruitment, the sample of participants required was also taken into consideration when devising the study setting, keeping in mind that hotels were operating on skeleton structures which affected the flexibility in allowing extensions to completing the questionnaires and scheduling interviews around their convenient work schedule. The methodology had to be postponed to later 'shoulder' months between 2021 and 2022, due to the operations and the demand of the business that were hectic. Without this flexibility, rejections to participate would have been at a higher rate.

Other limitations encountered were within the four-star category. Out of the four initial hotels chosen, three hotels had to be replaced. There was either no response to the study, which ultimately shows that there is a very low culture or interest in innovation within the organisation, or from the GM's perspective, the questions asked in both the questionnaire and interview were too technical for the HOD's understanding to complete accordingly. Further elaboration on the reason for declining to participate was that the hotel had just opened two to three months earlier and the team was still adjusting to the procedures and standards of the property.

Innovation in general, is still in its infant stage, nevertheless it is still present in one form or another within the hotels participating. This relates to the question – does this sample reflect a positive insight on the local hospitality industry? Knowing what constitutes innovation, it has emerged that there is familiarity on the general term of innovation, yet the lack of knowledge, skills and competencies on the main topic of this thesis namely: **PROCESS INNOVATION**, could have also been the reason why other hotels did not reply.

Only one hotel had the knowledge of Process innovation, since it was previously involved in the subject and had a dedicated system of full-time "black belts" and part-time "green belts" both within the local hotel and within the previous mother brand. Otherwise, the other GMs were familiar with the concepts but not the actual procedures that account for Process

innovation. This resulted in further probing during interviews to understand in what ways these are implemented and not to deviate from the topic of the question asked.

6.3. Recommendations: Education on Process Innovation concepts

This study has concluded that management have a sound understanding on Process Innovation concepts, which reflects the need of a framework. Innovation could only be pushed to a certain extent, since currently there is no formal structure per se. Prior to enforcing an open organisational culture to innovation within the work force, it is essential that education on this subject is given its importance and a thorough understanding on this vast topic would be initiated. A recommendation would be to introduce such a subject in either secondary schools or tertiary education. This module would open doors not only to those students aspiring to work within the hospitality industry, but also it would be beneficial to other industries too, as we have discussed in the literature review – manufacturing industry, aviation industries, Artificial Intelligence (AI) industries amongst others.

A second recommendation would be to devise an action plan within the hospitality industry, on the process innovation concepts, which include; the timeframes, long term goals and expectations, followed by a training programme on the tools required to have a more structured and strategic approach. The aim of this programme would help to be more time-efficient in a productive practice and more cost effective in the long term. This would be beneficial when implementing the system of ‘Champions on Innovation’ within each department. The understanding and identifying the root cause to the challenge, should be understood by carrying out these tools. This would also give structure to the person in charge of this process innovation and not have to handle all adhoc ideas, which is not sustainable in the long term. This form of training, would be a beneficial exercise to train the employee to advocate solutions to the problems rather than just ‘expect’ management to do something about the challenge at hand.

The conceptual tools behind problem-solving skills would help to educate the aspiring student or workforce to use their time wisely in an efficient manner; such as learning the use of an Ishikawa diagram, or using the five why’s to reach the root of the problem. These tools are not only beneficial within managerial positions, but could also be adapted to everyday life situations.

6.4. Recommendations: for a healthier organisational culture.

Overcoming a “red ocean” of competition is not easily achieved, without having a positive and encouraging organisational culture, from both its employees and management. Effective human resource practices contribute the drive to have a healthier organisational culture with the generation of creative idea sharing, right-minded staff with exemplary attitudes/skills and fruitful training sessions. These factors would interact with each other and lead to better commitment and engagement from employees, resulting in high levels of empowerment and reducing the rates of labour turnover.

Accepting change and removing any bureaucratic barriers within the organisation would be the first step in improving the organisational culture. This could be implemented in different ways such as; creating brain storm sessions within each department, enforcing cross-training between departments, and creating forums where employees are encouraged to forward their ideas without any prejudice. This would be a way forward to challenge the status quo, on the improvements of better systems or processes that could facilitate and be more efficient.

Budget and time restraints within the hospitality industry will remain top barriers in innovation, however encouraging time-allocated sessions for productive ‘thinking outside the box’ and keeping the ‘thinking hats on’ within the organisation, will be a step forward towards improving a healthier innovative culture.

Another recommendation that would encourage involvement within the organisation would be to allow the opportunity to the older employees to voice out their concerns with new changes and explaining the reason (through the discussion of pros and cons) why a decision was taken to change a particular system. A further explanation would lead to the ultimate goal of reaching a positive and desired outcome. This approach would allow the team to be open towards the new operational changes and would have the opportunity to welcome learning and adapting to this approach.

6.5 Recommendations: for 'Champion of innovation'

From the findings obtained in this research, a consensus has shown that an independent department focusing on process innovation would not be feasible in the long term and a unified recommendation was agreed that GMs would invest in 'Champion of innovation'.

This would involve appointed employees within the department who are genuinely interested in improving the current department's pain areas and working on improving the current process, together with their respective Heads of Department. Given the rigorous thinking and process entailed in improving processes, a recommendation for this system would not advise to have the same 'champion' dealing with more than one project at hand. Much commitment and focus would need to be allocated to each project, apart from the daily duties that need to be carried in their current role.

Both GMs and Heads of Departments have mentioned that during departmental meetings, the team discusses the department's performance. This would be a good opportunity to discuss the pain areas that are identified through guest satisfaction index scores and comments. Depending on the size of the departments, it is recommended to have more than one project being implemented simultaneously, keeping in mind that not all ideas or projects could achieve the desired positive end result.

As discussed within this research, working on process innovation requires time, commitment and thorough investigation. Having a control phase is recommended and would need to be implemented to record the results. If results turn out to be successful with the aim of reducing the overall costs, the champion could be rewarded accordingly, by implementing the improved process as best practice - either on a group level or within a nationwide level within the local hospitality industry.

Another recommendation, could form part of the employee's development plan within the organisation, as part of their future career advancements.

6.6 Recommendations for Future Studies

This research study looked into the feasibility of having an independent department related to Process Innovation to gain better competitive advantage within the hospitality industry. However, Process innovation is only one of Hjalager's (2009b) five categories of innovation. A recommendation would be a subsequent study on understanding the benefits and contribution that Product innovation would have on Process innovation. This combination could give better

insight on how both categories could contribute to have an efficient future. For instance, the emergence of AI technologies – will this be to the detriment of human dimension within the hospitality industry?

Further research could focus on implementing and devising actual innovation laboratories within selected local hotels and monitoring through focus groups if such a room could contribute to quality idea-sharing and implementation within the organisation. This study could involve different stakeholders such as Human Resource departments, Owners, General Managers and employees. Furthermore, other innovation theories and frameworks could be used to sustain the relevance and importance of innovation laboratories moving forward within the hospitality industry.

6.7. Concluding Thoughts

This research study is of relevance to the local hospitality industry and Maltese authorities, as it focused on the importance and awareness of process innovation. The study looked into the feasibility of having an independent department focusing on improving processes within hotels. However, process innovation is a fraction of what innovation involves and this study enabled better knowledge and education on Process Innovation concepts.

Managing innovation is not easy, however it is imperative for organisations to keep being resilient and sustain the commitment within the industry, because the span of new innovations has a shorter life than of ten years ago (Tidd and Bessant, 2013). Implementing a culture of innovation in general, will enable the organisation to emerge healthily from any crucial crisis, as it has been recently experienced with the COVID-19 pandemic.

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Appendix A – Semi- Structured interview Questions for the GMs and Questionnaires for HODs

Semi-Structured Interview Questions

The aim of this research study is to discuss the feasibility of introducing a process improvement and innovation management department in four-star and five-star hotels in Malta. This Interview will be discussing whether the organisation, practices some form of process innovation and if not, if this would be considered as a new department in the hotel.

Role of Organisational Culture within the company/organisation

1. Do you think having a culture of empowered change will increase the employee's loyalty and commitment to the company/hotel? If yes – how? If not, why not?
2. Do you consider your hotel to have an innovative culture/ climate (please give your rating from 1(low innovative culture) – 5 (high innovative culture) ? If not, why not?
3. How do Heads of Department influence innovation behaviour to their teams?
4. Are employees given an opportunity and encouraged to contribute their suggestions on what processes need improvement? If not, why not?
5. Does the hotel have a department that handles innovation?

For those hotels who carry an International brand name:

6. Does the Mother brand encourage a culture of change and innovation on a global scale? If so, how is this communicated?
7. Is the innovation culture encouraged in your local hotel?
8. Is this monitored or checked from the mother brand?

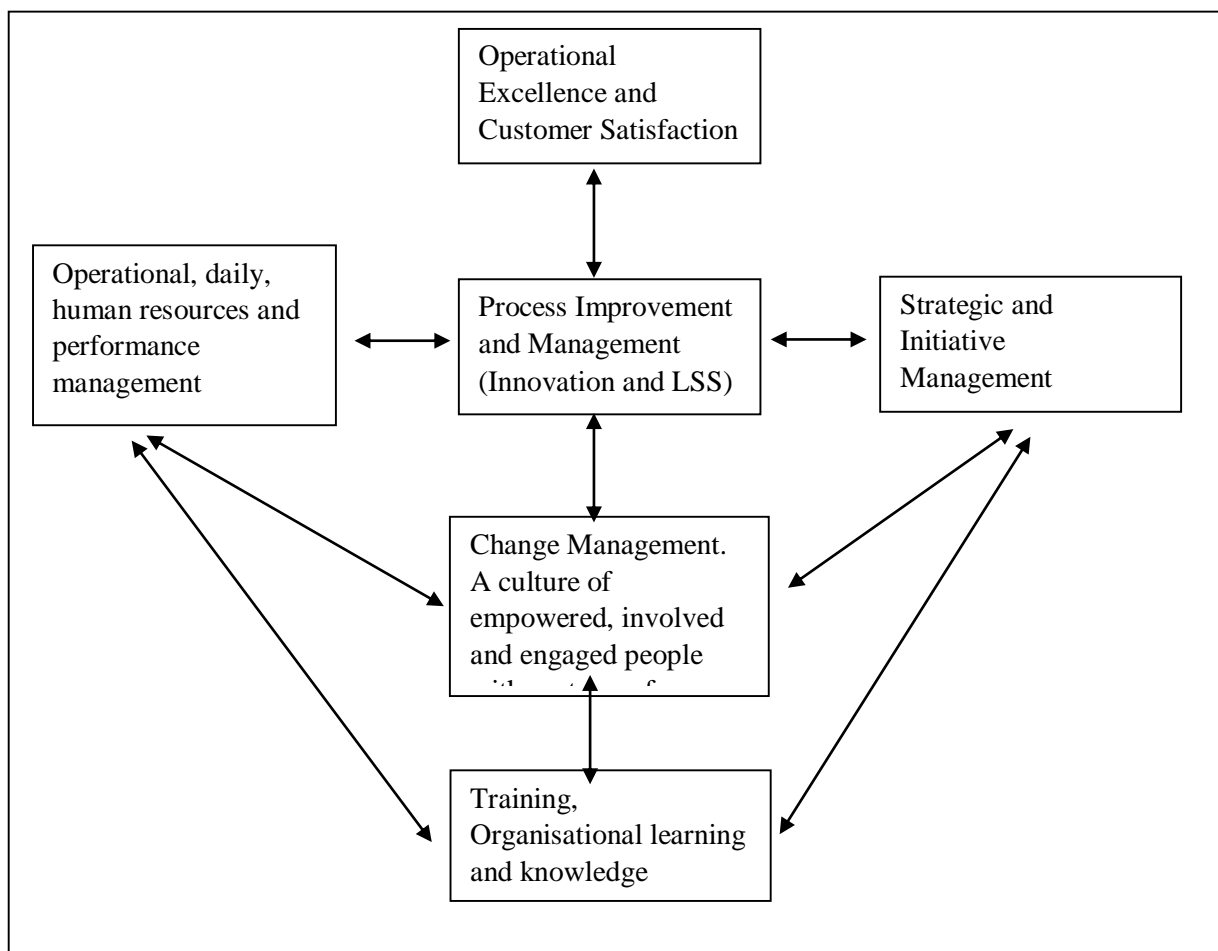
For those hotels who have undergone a recent refurbishment or opening:

9. You have recently undergone a refurbishment/ recently opened, can you mention or describe any innovative features that have been installed and are considered as “incremental” and/or “disruptive/radical innovations” within the hospitality industry in Malta? Or in another words innovations or processes/best practices that are unique to your brand/hotel?
10. These innovative features described, was the overall aim to improve the process and efficiency involved? How?

11. Was there any initial research carried out on any technological innovations or process innovations prior to the refurbishment done at the hotel?
12. Were the Heads of Department consulted during the decision-making process? If not, were third party consultants recruited for the project?

Process Innovation Methodologies adapted to the organisation

13. Process innovation requires a combination of i) continuous improvement - Lean Six Sigma and ii) disruptive innovation – Innovation Process Models. Both types of innovations should contribute to each other rather than work in parallel views.
 - a. Are you familiar with these methodologies?
 - b. What are your views on the methodologies suggested to be adapted to the hospitality industry?
 - c. Do you practice these methodologies within the company?
14. A framework regarding LSS (Lean Six Sigma) and Process Innovation
 - a. Do you feel that this is a similar structure to your hotel?
 - b. From the below framework, what blocks would you change or replace with?



An adapted continuous improvement framework from Salah (2015) which shows how Lean Six Sigma and Innovation link to other building blocks within an organisation, Salah (2017)

Process Innovation Management Department

15. In your opinion, what is/ are the reasons why the organisation does not have a department related to innovation?
16. Do you believe that the organisation has the potential to invest in a process management department? If yes, can you explain in what ways? If not, why not?
17. Do you feel that the proposed process innovation department would be beneficial to the organisation? How? – Please state in what ways will the department be beneficial.
18. If the hotel had the process innovation department in operation prior to 2019, do you think that the department could have contributed towards repositioning the hotel's strategy during the COVID-19 pandemic crisis and post COVID-19 crisis?
19. Innovation is a process of trial and error, whereby an idea or innovation product / service would need to be tested. A recommended suggestion would be to include an innovation laboratory (a room within the hotel's room inventory, that is used for testing any technology equipment or processes – also referred to as a “dummy room”). In your own words, please describe your views about implementing an innovation laboratory within the hotel.

Thank you for your participation.

Questionnaire Structure

About your role in the Organisation

1. How long have you been working for the company?
6 months
1-2 years
3-5 years
6 years and over
2. What is your role within the Company?
Head of Department (Director or Manager)
Assistant Director/ Manager
Supervisor
Other (eg. Sales Manager, Front Office Manager, etc.)
3. How large is your team of employees?
None
1-5
6-10
11-15
15+

Your views on Innovation within the company

4. Do you think that having a culture of empowered change will increase the employee's loyalty and commitment to the company/hotel?

Strongly Disagree
Disagree
Neutral
Agree
Strongly Agree

5. How would you rate the hotel's level of having an innovative culture?

Low Innovative Culture 1 2 3 4 5 High Innovative Culture

6. According to your answer to the previous question, please state your reasons why?

7. How do you influence innovation behaviour to your team?

Suggestion box
Open dialogue during departmental meetings

Randomly (Ad-hoc ideas)

Never

Other:

8. Please state your views and reasons as to why you use this method of influence.

9. Do you believe that the hotel has a department that handles innovation?

Yes

No

Other :

Does your hotel carry an International Brand name?

If your hotel does not carry an International Brand name, please select 'No' in the first question and click 'Next' to proceed to the following section.

10. Does your hotel carry an International Brand name?

Yes

No

11. Does the mother brand believe and encourage a culture of change and innovation on a global scale?

Yes

No

Maybe

12. Is the innovation culture encouraged in your local hotel?

Yes

No

Not so much

Your involvement in the Refurbishment Process or Hotel Opening Process

13. Were you involved in the decision making during the recent refurbishment or opening of the hotel?

Yes

No

14. If your answer is Yes – please state what were your contributions and if research was carried out.

15. If your answer is No – please select one answer from the following:

We were not involved in the process

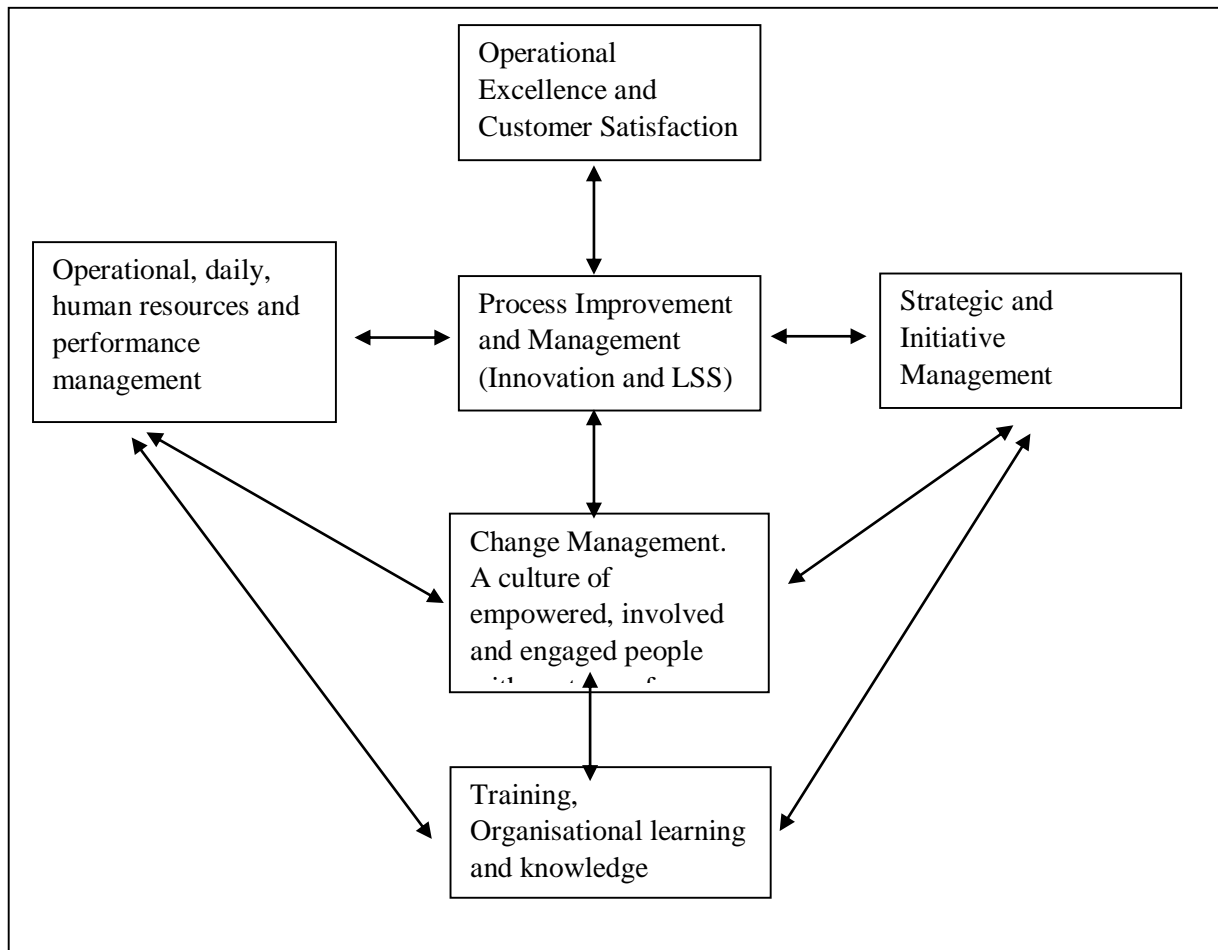
The refurbishment or decision making did not concern my department

The company engaged third-party consultants who did all the decision-making

Introducing a Process Innovation Department

16. A framework showing how innovation links to other building blocks within an organisation.

Please study the below framework well, in order to answer the next question.



An adapted continuous improvement framework from Salah (2015) which shows how Lean Six Sigma and Innovation link to other building blocks within an organisation, Salah (2017)

17. The above framework shows Process Innovation Management as a prominent building block within the organisation. Do you agree with this structure?

Yes

No

18. In your opinion, are there any blocks which should be changed or replaced with? If yes – please write your suggestions.

19. Do you think that the proposed process innovation department would be beneficial to the organisation?

Yes

No

20. If your previous answer is ‘Yes’, please specify how?

21. If your previous answer is ‘No’, please specify why?

22. Do you know what is an Innovation Laboratory?

Yes

No

23. Within the hotel’s operation, is there anything which is related to an innovation lab or something of the sort?

24. If the hotel had the process innovation department in operation prior to 2019, do you think that the department could have contributed towards repositioning the hotel’s strategy during the COVID-19 pandemic crisis and post COVID-19 crisis?

Strongly disagree

Disagree

Neutral

Agree

Strongly Agree

25. Please state the reason to your answer.

26. Are there any further comments you wish to include?

Thank you for your participation.

Appendix B - Interview and Questionnaire invitation letter to GMs

Interview Invitation Letter

To whom it may concern,

I trust this email finds you well.

By way of introduction my name is Petra de Carlo and I am currently reading an MBA in International Hospitality Management in academic affiliation with the Emirates Academy of Hospitality through the Institute of Tourism Studies. In part fulfilment for the completion of the MBA, I am conducting the thesis study entitled;

‘A feasibility study on the introduction of a process improvement and innovation management department in five-star and four-star hotels in Malta’.

I am proposing an in-depth interview with the General Manager or Hotel Manager, not longer than one hour, which could be conducted either face-to-face or through an online meeting. The interview will be recorded and transcribed with the interviewee’s permission.

Furthermore, a survey/questionnaire to Directors, Heads of Departments, Assistant Managers and supervisors of all Departments, is requested, which will not last longer than ten to fifteen minutes. This will be carried out through an online survey, which will be sent by email to the employees concerned.

There is no compensation for participating, nor is there any known risk. Your privacy will be protected. I will ensure your anonymity in the data analysis and pseudonyms will be used to ensure confidentiality. Records will be held in accordance with General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Cap 586).

If you consent to participate, we can set an appointment and kindly inform whether a face-to-face interview or online meeting would suit you best. Furthermore, I would also require a list of Directors, Heads of Department, Assistant Managers and Supervisors of all departments to forward the online survey accordingly.

Thank you for taking the time to assist me in my educational endeavors. With your valuable input, I will be able to understand whether hotels should invest in a process innovation management department, to gain better competitive advantage within the industry.

If you require additional information or have questions, please contact me on petra.decarlo001@its.edu.mt or 7950 9999.

Sincerely,
Petra de Carlo

Appendix C – Consent Forms

Interview Consent Form

Research Participation Consent Form

Petra de Carlo

I, the undersigned give my consent to _____, ID No

352689M

_____, to process the information provided by myself for the purposes of research and the completion of the Master's thesis as approved by ITS and in line with the applicable ITS rules and regulations and Maltese Legislation.

Name and Surname of participant

ID Number of participant

Signature of participant

Date

Questionnaire Consent Form

By way of introduction my name is Petra de Carlo and I am currently reading an MBA in International Hospitality Management in academic affiliation with the Emirates Academy of Hospitality through the Institute of Tourism Studies. In part fulfilment for the completion of the MBA, I am conducting the thesis study under the supervision of Dalziel Bugeja entitled:

‘A feasibility study on the introduction of a process improvement and innovation management department in five-star and four-star hotels in Malta’.

The research aims to discuss the feasibility of introducing a process improvement and innovation management department in four and five-star hotels. This survey will contribute to discover whether the organisation, practices some form of process innovation and if not, if this would be considered as a new department from a Head of Department and Supervisor level perspective.

This is a short survey and will only take 10 - 15 minutes of your time to complete. Your participation in the survey is completely voluntary and all your responses will be kept confidential.

By clicking “I agree” below you are indicating that you are over 18 years old, have read and understand this consent form and agree to participate in this research study.

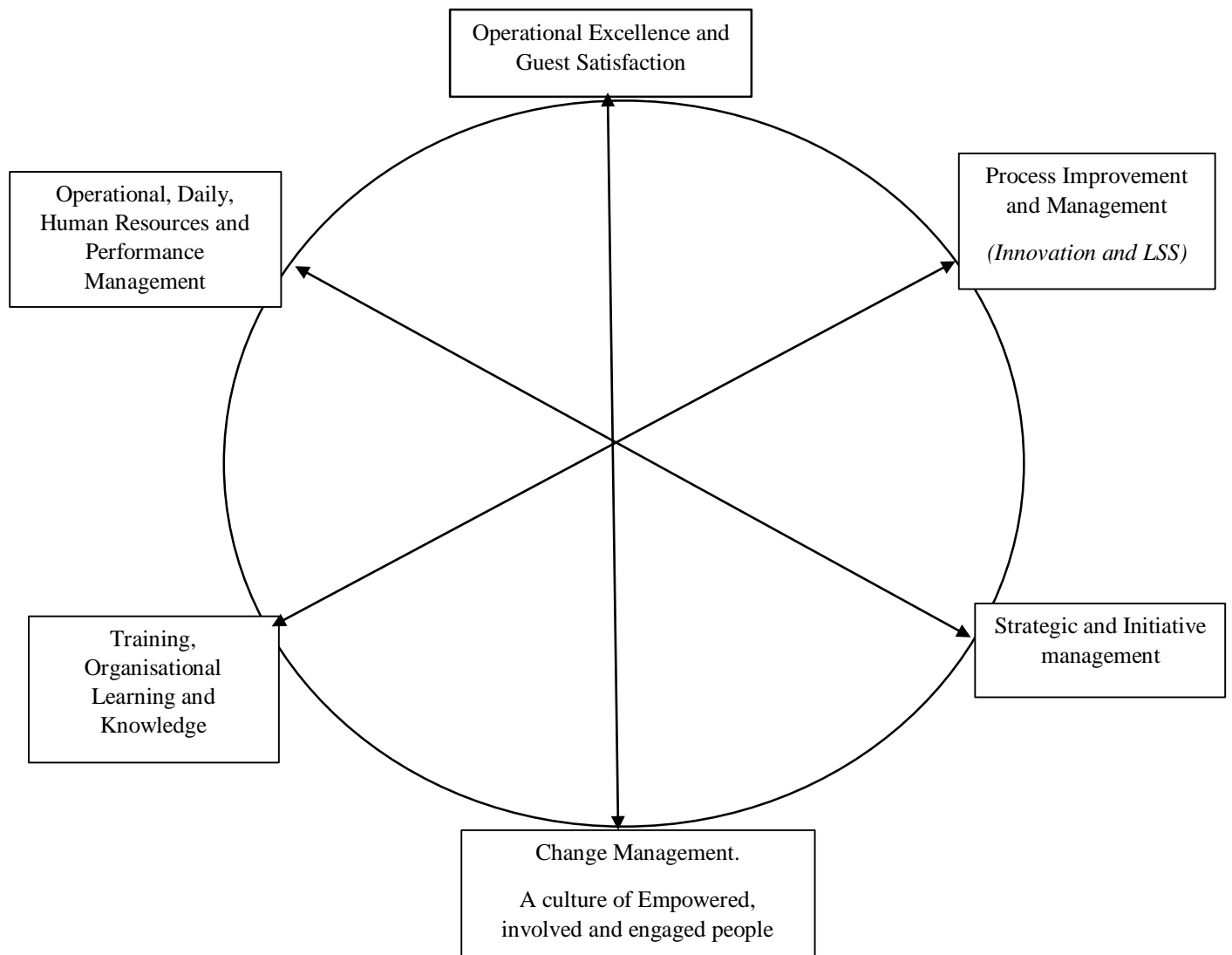
I agree to the terms and conditions

I disagree

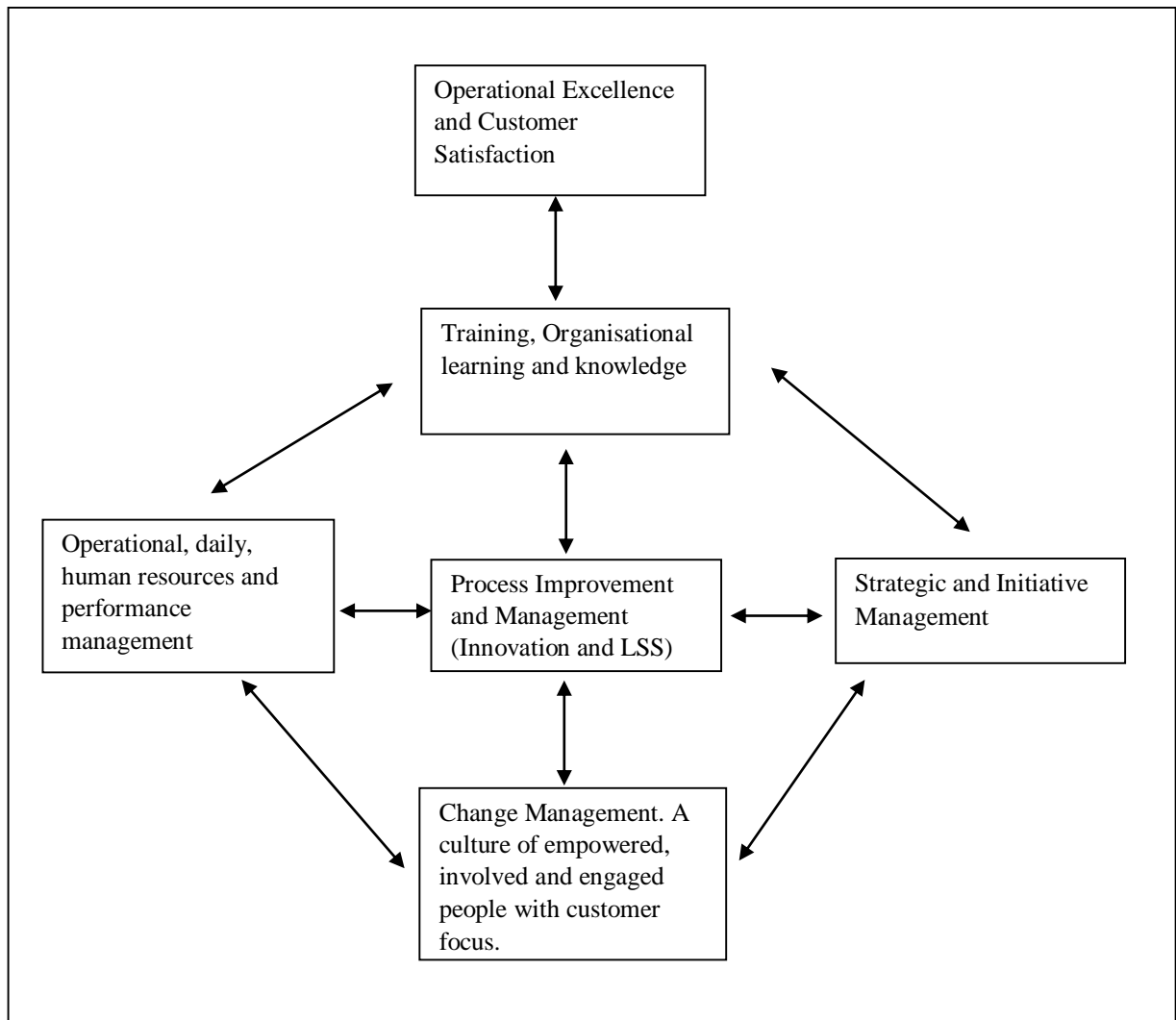
Appendix D - GM's interpretation of Salah's (2017) LSS and improvement

Framework

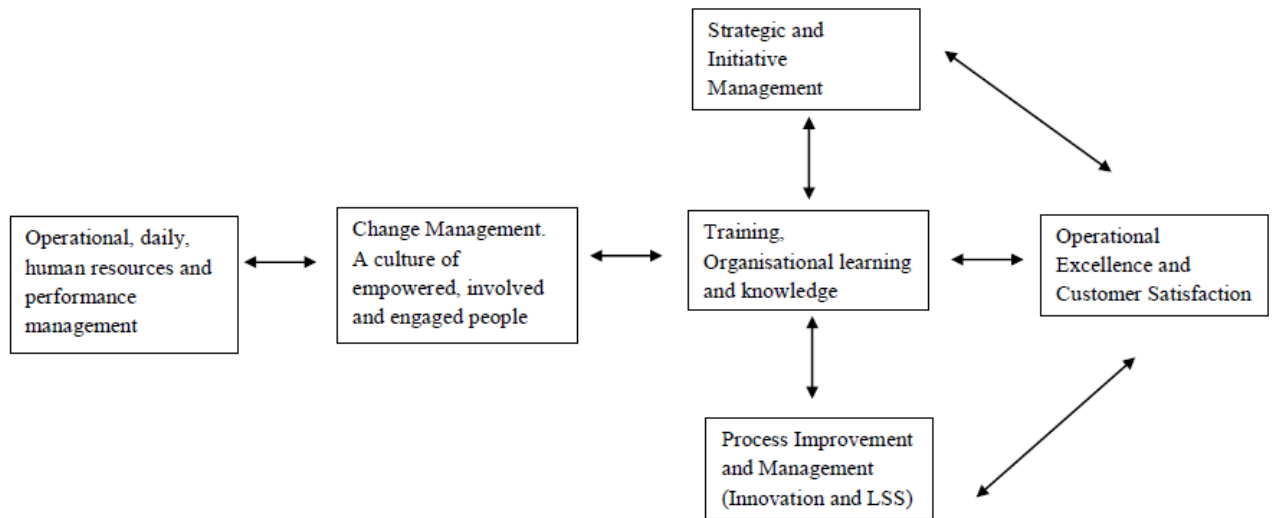
Property B:



Property E:



Property F:



Property H:

